SOL PLAATJE LOCAL MUNICIPALITY

CITY OF KIMBERLEY

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2019

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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SOL PLAATJE LOCAL MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019

EXECUTIVE MAYOR	Alderman SP Mabilo		
SPEAKER	Councillor I Koopman		
GRADING OF THE LOCAL AUTHORITY:	Grade 5	NC091	
AUDITORS:	Auditor-General of South Africa		
	Block 1 Montrio Corporate Park		
	10 Oliver Road		Private Bag X5013
	Monument Heights		
	Kimberley		Kimberley
	8301		8300
	Telephone	053-8311016	
	Fax	053-8326277	
BANKERS:	Standard Bank		
	C/O Bultfontein and Lennox Street		P.O. Box 626
	Kimberley		Kimberley
	8301		8300
	Telephone	053-8078215	
	Fax	053-8078173	
REGISTERED OFFICE:	Civic Centre		
	Sol Plaatje Drive		Private Bag X5030
	Kimberley		Kimberley
	8301		8300
	Telephone	053-8306911	
	Fax	053-8331005	
MUNICIPAL MANAGER:	Mr G Akharwaray	B.Proc.LLB, Certificate in Management	
CHIEF FINANCIAL OFFICER:	Me ZL Mahloko	B.Comm Hons	

MEMBERS OF COUNCIL:

Councillor Ward

1	Francis BP	12	Mocwagole LL	23	Vorster PJ
2	Visagie L	13	Molatudi MK	24	Steyn SM
3	Lewis CB	14	Pieterse LHS	25	Fourie OC
4	Mpanza TH	15	Keetile WM	26	Makhamba BJ
5	Mohapi PM	16	Stout BJ	27	Hammer N
6	Setlholo DT	17	Petoro GI	28	Japhta H
7	Diphahe JG	18	Van Wyk PR	29	Springbok B
8	Ngoma TC	19	Lekoma IA	30	Kock GP
9	Swazi DM	20	Pearce C	31	Keme BJ
10	Gomba JT	21	Van Rooyen WA	32	Banda F
11	Mojakwe IM	22	Maditse NM	33	Sebego KM

Councillor Proportional

1	Badenhorst EL	11	Kruger F	21	Mothelesi FK
2	Beylefeld MJ	12	Liebenberg C	22	Niemann E
3	Bishop PD	13	Louw M	23	Phillipus G
4	Boqo AN	14	Matshediso OM	24	Phiri KC
5	Chinkuli DS	15	Meintjies M	25	Pholoholo IM
6	Farland L	16	Meleng LP	26	Plaatjie OB
7	Griqua SH	17	Miller HB	27	Shushu LN
8	Jaffer CB	18	Mokae OJ	28	Thulo FL
9	Kika SN	19	Morwe RT	29	Van Den Berg HJ
10	Kok PK	20	Moshweu MM	30	Vacant

SOL PLAATJE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

I am accountable for the preparation of these annual financial statements, which are set out on pages 3 to 78, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I acknowledge full responsibility for the system of internal financial control and the duty to maintain adequate accounting records as required by MFMA 56 of 2003.

N Kesiamang
Municipal Manager Acting
30 August 2019

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2019

	Note	2019 R	2018 R	2019 Budget R
ASSETS				
Current Assets		**1,558,311,814**	**1,479,818,699**	**1,345,830,066**
Inventory	**2**	39,015,034	36,170,944	35,209,066
Trade Receivables from Exchange Transactions	**4**	944,327,502	822,169,986	889,862,148
Trade Receivables from Non-Exchange Transactions	**5**	477,888,669	453,182,714	296,602,000
Cash and Cash Equivalents	**6**	74,019,286	135,240,198	115,264,000
Vat Receivable from Exchange Transactions	**8**	23,061,323	33,054,857	8,892,852
Non-Current Assets		**2,003,899,115**	**1,831,390,972**	**2,073,997,790**
Property, Plant and Equipment	**9**	1,741,180,616	1,598,060,041	1,870,185,603
Heritage Assets	**9**	12,070,884	7,863,705	7,863,705
Intangible Assets	**10**	5,566,214	9,207,324	3,960,585
Investment Property	**11**	208,858,631	206,415,065	191,987,897
Trade Receivables from Exchange Transactions	**4**	30,482,785	8,723,975	-
Trade Receivables from Non-Exchange Transactions	**5**	5,739,985	1,120,862	-
Total Assets		**3,562,210,930**	**3,311,209,671**	**3,419,827,856**
LIABILITIES				
Current Liabilities		**427,029,641**	**360,745,183**	**325,668,044**
Consumer Deposits	**13**	34,916,719	32,340,693	31,392,227
Employee Benefits	**14**	67,904,658	59,895,519	63,704,056
Payables from Exchange Transactions	**15**	237,934,440	170,009,884	177,811,175
Unspent Conditional Grants and Receipts	**16**	6,900,788	29,832,052	-
Vat Payable from Exchange Transactions	**17**	66,226,471	55,986,894	43,361,092
Current Portion of Long-term Liabilities	**18**	13,146,566	12,680,140	9,399,494
Non-Current Liabilities		**456,121,589**	**441,306,497**	**427,879,064**
Long-term Liabilities	**18**	191,895,172	204,225,630	182,534,120
Employee Benefit Liabilities	**19**	263,749,873	236,606,079	245,344,944
Non-current Provisions	**20**	476,543	474,788	-
Total Liabilities		**883,151,229**	**802,051,680**	**753,547,108**
Total Assets and Liabilities		**2,679,059,700**	**2,509,157,991**	**2,666,280,748**
NET ASSETS		**2,679,059,700**	**2,509,157,991**	**2,666,280,748**
Accumulated Surplus	**21**	2,679,059,700	2,509,157,991	2,666,280,748
Total Net Assets		**2,679,059,700**	**2,509,157,991**	**2,666,280,748**

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2019

Budget 2018 R	Budget 2019 R		Note	Actual 2019 R	Actual 2018 R
		REVENUE			
		Revenue from Non-exchange Transactions			
511,595,364	541,312,085	Property Rates	22	512,886,361	492,308,741
15,430,000	25,735,000	Fines and Penalties		36,982,279	21,829,794
2,905,000	3,450,000	Licences and Permits		6,319,276	5,312,491
398,474,200	388,289,910	Government Grants and Subsidies Received	26	389,363,355	377,412,888
-	-	Public Contributions and Donations	27	-	4,561,345
		Revenue from Exchange Transactions			
1,030,043,430	1,015,308,354	Service Charges	24	905,350,099	938,326,950
11,115,000	11,257,000	Rental of Facilities and Equipment	25	11,092,199	10,566,166
4,000,000	0	Income for Agency Services		576,183	5,538,961
20,000,000	15,000,000	Interest Earned - External Investments	23	10,001,619	18,700,351
97,629,000	141,490,000	Interest Earned - Outstanding Debtors	23	141,429,154	174,794,039
22,055,060	25,212,900	Other Income	28	16,309,156	24,895,246
-	10,000,000	Gains on Disposal of Property, Plant and Equipment		579,006	-
2,113,247,054	**2,177,055,249**	**Total Revenue**		**2,030,888,687**	**2,074,246,971**
		EXPENDITURE			
679,381,122	698,651,971	Employee Related Costs	29	688,565,281	647,309,202
27,674,819	29,685,309	Remuneration of Councillors	30	28,387,557	28,409,358
67,510,000	69,250,000	Depreciation and Amortisation	31	61,696,778	63,231,263
203,000,000	207,000,000	Impairment Losses	32	205,848,140	235,825,453
26,811,930	26,298,836	Finance Costs	33	26,250,436	27,213,051
524,000,000	566,500,000	Bulk Purchases	34	554,437,661	501,333,991
57,174,085	43,710,500	Contracted Services	35	42,341,831	53,354,448
9,490,000	6,970,000	Grants and Subsidies Paid	36	3,940,284	9,324,953
362,770,016	352,874,814	General Expenses	37	249,003,787	282,641,326
-	-	Loss/Write down of Inventory		361,363	129,194
-	-	Loss on disposal of Property, Plant and Equipment		-	2,153,967
-	-	Foreign Exchange Loss		153,859	354,136
-	-	Impairment of Property, Plant and Equipment		-	371,499
1,957,811,972	**2,000,941,430**	**Total Expenditure**		**1,860,986,978**	**1,851,651,840**
155,435,082	**176,113,819**	**SURPLUS FOR THE YEAR**		**169,901,709**	**222,595,131**

Refer to Note 60.1 for explanation of budget variances

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2019

Description	Note	Accumulated Surplus Account				Total for Accumulated Surplus Account	Total
		Capital Replacement Reserve(CRR)	Self Insurance Reserve	COID Reserve	Accumulated Surplus		
		R	R		R	R	R
2018							
Balance at 30 June 2017		92,131,484	24,092,886	10,720,710	2,221,345,419	2,348,290,499	2,348,290,499
Correction of Error	39				(61,727,638)	(61,727,638)	(61,727,638)
Restated Balance		**92,131,484**	**24,092,886**	**10,720,710**	**2,159,617,781**	**2,286,562,860**	**2,286,562,860**
Surplus for the year					222,595,131	222,595,131	222,595,131
Transfer to Capital Replacement Reserve		30,000,000			(30,000,000)	-	-
Property, Plant and Equipment purchased		(57,014,014)			57,014,014	-	-
Contribution to Insurance Reserve			185,232	249,479	(434,711)	-	-
Balance at 30 June 2018		**65,117,470**	**24,278,117**	**10,970,189**	**2,408,792,215**	**2,509,157,991**	**2,509,157,991**
2019							
Restated Balance		**65,117,470**	**24,278,117**	**10,970,189**	**2,408,792,215**	**2,509,157,991**	**2,509,157,991**
Surplus for the year					169,901,709	169,901,709	169,901,709
Transfer to Capital Replacement Reserve		5,000,000			(5,000,000)	-	-
Property, Plant and Equipment purchased		(30,804,264)			30,804,264	-	-
Contribution from Insurance Reserve			(1,662,197)	(126,987)	1,789,184	-	-
Balance at 30 June 2019		**39,313,206**	**22,615,921**	**10,843,202**	**2,606,287,372**	**2,679,059,700**	**2,679,059,700**

Details on the movement of the Funds and Reserves are set out in Note 21.

SOL PLAATJE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2019

	Note	Actual 2019 R	Actual 2018 R	Budget 2019 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Grants received	**26**	389,363,355	377,412,888	388,289,000
Sale of goods and services	**41**	1,088,209,261	1,100,875,402	1,323,851,000
Employee Costs	**29**	(688,565,281)	(647,309,202)	(698,652,000)
Supplier payments	**41**	(755,717,564)	(863,506,446)	(923,143,000)
Cash generated from Operations	**41**	**33,289,771**	**(32,527,358)**	**90,345,000**
Interest received	**23**	151,430,773	193,494,390	156,490,000
Interest paid	**33**	(26,250,436)	(27,213,051)	(26,299,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**158,470,108**	**133,753,981**	**220,536,000**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	**9**	(205,166,573)	(234,530,979)	(228,314,000)
Purchase of Intangible Assets	**10**	-	(9,494,702)	-
Purchase of Investment Property	**11**	(2,660,415)	(813,064)	(2,800,000)
Proceeds on Disposal of Investment Property	**11**	-	2,356,666	
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(207,826,988)**	**(242,482,079)**	**(231,114,000)**
CASH FLOWS FROM FINANCING ACTIVITIES				
New Finance leases/Finance lease payments		(2,604,333)	6,479,548	-
Loans repaid		(9,259,699)	(8,246,580)	(9,399,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(11,864,032)**	**(1,767,032)**	**(9,399,000)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**6**	**(61,220,912)**	**(110,495,130)**	**(19,977,000)**
Cash and Cash Equivalents at the beginning of the year		135,240,198	245,735,328	135,240,000
Cash and Cash Equivalents at the end of the year		74,019,286	135,240,198	115,263,000

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act 2003 (Act Number 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

The Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2018 and 30 June 2019 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:
(a) is required by a Standard of GRAP; or
(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality’s financial position, financial performance or cash flow.

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality’s Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 10.1 on *Revenue from Exchange Transactions* and Accounting Policy 10.2 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

1. BASIS OF PRESENTATION (continued)

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY(continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned. In particular, whether the municipality, (i) when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and (ii) when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year and prior year is appropriate.

1. 2. 2 Water Inventory

The estimation of water inventory in the reservoirs is based on the measurement of water via the electronic level sensors where the level indicates the depth of water in the reservoir which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account during determining the volume of water on hand at year end. Refer to Note 2 in the annual financial statements.

1. 2. 3 Budget information

Variations between the budget and actual amounts are regarded as material if they exceed a 10% deviation. All material differences are explained in the notes/appendices to the annual financial statements. Budget and actual figures are presented on the the accrual basis of accounting.

1. 2. 4 Impairment of property, plant and equipment, intangible assets, investment property, heritage assets and inventories

The accounting Policy on "PPE - Impairment of assets and accounting policy", "Heritage assets", "Investment Property" on "Intangible assets - subsequent measurement, amortisation and impairment "and accounting policy on "Inventory - Subsequent measurement" describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 26: "Impairment of cash generating assets" and GRAP 21: "Impairment of Non - Cash generating Assets". In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involve significant judgment by management.

1. 2. 5 Impairment of financial assets

The accounting policy on Impairment of financial assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP104: 'Financial Instruments' and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the current and prior year is appropriate.

1. BASIS OF PRESENTATION (continued)

1. 2. 6 Impairment of trade receivables
The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1. 2. 7 Provisions and contingent liabilities
Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1. 2. 8 Useful lives of property, plant and equipment, investment property and intangible assets
As described in the accounting policy; 'Property, Plant and Equipment', the municipality depreciates its property, plant and equipment, investment property and amortise intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

1. 2. 9 Defined benefit plan liabilities
As described in the accounting policy the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long service Awards and Ex-gratia awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 19 to the Annual Financial Statements.

1. 2. 10 Financial assets and liabilities
The classification of financial assets and liabilities, into categories, is based on judgement by management. The accounting policy on Financial Assets Classification and accounting policy on Financial Liabilities Classification describe the factors and criteria considered by management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgements, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 "Financial Instruments".

1. 3 PRESENTATION CURRENCY
The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION
The Annual Financial Statements have been prepared on a going concern basis.

1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

2. STATUTORY FUNDS AND RESERVES

The accumulate surplus/(deficit) represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

2. 1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.
The following provisions are set for the creation and utilisation of the CRR:
• The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the municipality.
• The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
• Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
• If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance and is not transferred to the CRR, as it is regarded as revenue.

2. STATUTORY FUNDS AND RESERVES (Continued)

2. 2 Self insurance reserve

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. Reinsurance premiums paid to external reinsurers and other expenditure are regarded as an expense, and are debited against the operating accounts shown in the Statement of Financial Performance. The net surplus or deficit on the insurance operating accounts is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance.

2. 3 Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993). The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires that the Municipality deposits cash and/or securities with the Commissioner. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. The net surplus or deficit on the COID operating account is transferred to or from the COID reserve via the Statement of Changes in Net Assets.

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- if the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost on its acquisition date.
The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) surrendered.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently, all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or surrendered is included in the surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	***Years***
Buildings	30
Furniture and fixtures	5 - 15
Motor vehicles	5 - 15
Computer equipment	5 - 10
Infrastructure	
- Roads and paving	1 - 80
- Electricity	1 - 80
- Water	1 - 100
- Sewerage	1 - 60
- Landfill sites	25 - 55
- Storm water	1 - 60
- Streetlights	1 - 40
Community Buildings	
- Recreational facilities	30
- Security	3 - 15
Machinery and equipment	5 - 15
Water network	15
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed, if there is an indication that a change may have occurred in the estimated useful life or residual value of the asset. If the expectations differ from previous estimates, the change is accounted for in accordance with GRAP 3, either prospectively as a change in the accounting policy, or retrospectively as a prior period error depending on the specific circumstances.

Depreciation only commences when the asset is available for use, unless stated otherwise.
Reviewing the useful life of an asset does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in the surplus or deficit unless it is included in the carrying amount of another asset.

PROPERTY, PLANT AND EQUIPMENT (continued)

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Significantly delayed projects and projects that have ceased entirely are disclosed separately in the notes to the financial statements. Management will review the facts and circumstances around each individual project before classifying it as significantly delayed.

3. 5 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Heritage Assets

Heritage assets, which are culturally significant resources of nature (examples are statues, graves, memorial assets, libraries, canons, etc.) and according to GRAP 103 should be shown at cost and are not depreciated owing to uncertainty regarding their estimated useful lives. When the asset does not meet the recognition criteria because it cannot be reliably measured, relevant and useful information about it is disclosed in the notes (note 9.2) to the financial statements.

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 8 Derecognition of property, plant and equipment

An item of Property, Plant and Equipment of the municipality is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.
The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end or the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

Gains from the sale of assets are reported separately on the face of the Statements of Financial Performance. Gains or losses from the sale of assets are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds. This is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

4 INTANGIBLE ASSETS

4 1 Initial Recognition

The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the assets surrendered.

4 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31 expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at the later date. Intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Amortisation only commences when the asset is available for use, unless stated otherwise.

4 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 INVESTMENT PROPERTY

5 1 Initial Recognition

Investment property includes property e.g. (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. e.g. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases. This will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as property, plant and equipment or Inventory, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

5 INVESTMENT PROPERTY (continued)

5 2 Subsequent Measurement - Cost Model

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an Investments proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

5 4 Depreciation and impairment

Investment properties are annually tested for impairment, including investment properties not yet available for use. Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and depreciation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Depreciation is charged on a straight-line basis over the assets' useful lives. The residual value of assets with finite useful lives is zero, unless an active market exists. Where investment properties are deemed to have an indefinite useful life, such assets are not depreciated (e.g. land).

6. FINANCIAL INSTRUMENTS

6. 1 Financial Assets - Classification

A financial asset is any asset that is cash or contractual right to receive cash.

In accordance with GRAP 104 the financial assets of the municipality are classified as follows into the categories allowed by this standard.
Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that are quoted in an active market. They are included in current assets except for maturity greater than 12 months which are classified as non current assets. Financial assets are amortised cost are initially recognised at fair value plus transaction cost are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost using the effective interest rate method less the provision for impairment.

6. FINANCIAL INSTRUMENTS (continued)

Financial assets at cost are investments in residual interests that do not have a quoted market price in an active

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The municipality has the following types of financial assets on the face of the State of Financial Position:

Class	Category
Non - current Investments	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents	Financial asset measured at amortised cost
Current Portion of Non-current Investments	Financial asset measured at amortised cost
Current Portion of Long-term receivables	Financial asset measured at amortised cost

Cash includes cash on hand (including petty cash) and cash at bank (including call deposits). Cash equivalents are short term and highly liquid investments, readily convertible into known amounts of cash, that are held with registered institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The municipality has the following types of financial liabilties on the face of the State of Financial Position:

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non- exchange transactions	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term Loans	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

6. FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk is disclosed.

A sensitivity analysis for each of the market risks is done.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the municipality receivables from customers and investment securities.

Each class of financial instrument is disclosed separately.

Maximum exposure to credit risk not covered by collateral is specified.
Financial instruments covered by collateral are specified.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality ’s reputation.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities(continued)

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

6. 4 Impairment of financial assets and derecognition of financial assets and liabilities

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

The municipality shall derecognise a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the municiplaity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(c) the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municiplaity shall:

(i) derecognise the asset; and

(ii) recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

The municipality shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

6. 5 Consumer Deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit in terms of the budget policy as set and reviewed by the municipality on an annual basis. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

7. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

7. 1 Finance leases - Municipality as lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Any contingent rents are expensed in the period in which they are incurred.

7. 2 Operating leases - Municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.
Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

7. 3 Operating leases - Municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

8. INVENTORY

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs is deemed to be equal to its fair value at the date of acquisition. Where inventory is manufactured, constructed or produced, the cost includes, the cost of labour, materials and overheads used during the manufacturing.

8. 1 Subsequent measurement

Included in inventory are consumable stores, raw materials, Work in progress, water inventory, unsold properties and other arrangements. Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned using specific identification of the individual costs. The cost of inventories is assigned using the first-in-first-out cost formula. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

9. NON-CURRENT ASSETS HELD-FOR-SALE

The disclosure requirements per the Standard of GRAP on Presentation of Financial Statements require entities to disclose information about significant assets and groups of assets and liabilities, or components (as defined in GRAP 100), that will be disposed of in future reporting periods. These disclosures are provided once management has made a decision to dispose of certain assets, groups of assets and liabilities or components, instead of specific presentation on the face of the statement of financial position. 'Specific measurement requirements for assets held for sale over and above those already required in existing Standards, are therefore not necessary.

10 REVENUE RECOGNITION

Revenue in general is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

10 1. Revenue from Exchange Transactions

10 1. 1. *Service Charges*

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month. Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10. 1 2 *Prepaid electricity*

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and payment is made in the month before year end, it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

10. REVENUE RECOGNITION (continued)

10. 1 3 *Finance income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment. Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors

10. 1. 4 *Tariff charges*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10. 1. 5 *Income from Agency Services*

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

10. 1. 6 *Sale of goods (including houses)*

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10. 1. 7 *Rentals*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10. 2. Revenue from non -exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

10. REVENUE RECOGNITION (continued)

10. 2. 1 *Rates and Taxes*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Revenue arising from taxation transactions will be measured at their fair value as at the date of the transaction. Rates and Taxes transactions are measured at the best estimate of the inflow of resources to the entity. The estimation will take into account both the probability that the resources arising from taxation transactions will flow to the municipality and the fair value of the transaction.

10. *2. 2 Fines*

Fines are defined as revenue from non-exchange transactions. It is revenue that arises from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Fines will be accounted on a accrual basis based on IGRAP 1. Fines constitute both spot fines and summonses for which revenue is recognised in accordance with the requirements of
Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of breach of laws and regulations. Where a defendant reaches an agreement with a prosecutor that includes a payment of a penalty, instead of being tried in court, that penalty is recognised as a fine.

Initial recognition

Revenue from fines shall be recognised when an inflow of resources from non-exchange transaction is probable. The probability of inflow shall be determined when an allegation that an offence has been committed and that the offender must appear in court or before other law enforcement body. Normally, fines require an entity/offender to transfer a fixed amount of cash to the municipality and do not impose the obligation to the municipality to recognise a liability, as such fines shall be recognised as revenue when receivables meets the definition of an asset and satisfies the criteria for recognition as an asset.

Measurement

At initial and subsequent recognition, fines shall be measured based on fair value of the asset.

Impairment

Fines shall be assessed for indicators of impairment at the end of each reporting period. Fines not collected or fines where no warrant of arrests or summonses have been issued shall be impaired at measurement date.

10. *2. 3 Other donations and contributions*

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use. On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition/donation.

10. *2. 4 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure*

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures and is recognised when the recovery thereof from the responsible councillor or officials is virtually certain. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10. *2. 5 Conditional grants and receipts*

Equitable share allocations are recognised revenue at the start of the financial year if no time-based restrictions exist.

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.
- best estimate of expenditure

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

11. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

11. PROVISIONS AND CONTINGENCIES (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

11. 1. Environmental rehabilitation provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

12. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

12. 1 Short-term employee benefits

The cost of all short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised during the period in which the employee renders the related service and are not discounted. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality’s liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

12. EMPLOYEE BENEFITS (continued)

12. 2 *Post-employment benefits*

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries. Past-service costs are recognised immediately.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur. In measuring its defined benefit liability the municipality shall, recognise past service cost as an expense in the reporting period in which the plan is amended.

12. EMPLOYEE BENEFITS (continued)

Long-service Allowance and Ex-Gratia Arrangements
The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. Ex-gratia arrangements are paid to employees who are not part of the Municipality's formalised pension arrangements. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

13. BORROWING COST

Borrowing costs are recognised as an expense in the period in which they are incurred.

14. IMPAIRMENT

Cash-generating assets are those assets used by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. An asset is designated as cash generating prospectively once indicators of impairment exist when the revenue earned through the use of the asset exceeds the expenditure incurred in the operation of the assets. The asset therefore generates a commercial return. If the expenditure incurred in the operation of the asset exceeds the revenue generated by the asset the asset will be designated as non-cash generating for impairment purposes.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

▪ The municipality has looked at the definition of cash generating assets which determine that an asset can be identified as cash generating asset if there is a commercial return.

▪ The municipality do not operate in a profit-oriented manner and the main focus is to provide a service therefor all the assets will be classified as non-cash-generating assets.

14. IMPAIRMENT(continued)

14. 1 Impairment of Cash generated Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm length transaction, adjusted for the incremental cost that would be directly attributed to the disposal of the assets.

A value in use of a cash generating asset is the presentation of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

▪ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

▪ The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

14. 2 Impairment of Non-Cash generated assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset’s remaining service potential. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The recoverable service amount of those assets are estimated by using the depreciated replacement cost approach in term of GRAP 21.

15. HERITAGE ASSETS

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

15. 1. Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefit or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can measured reliably.
Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant of donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage asset purchases price and other costs attributable to bring the asset to the location and condition necessary for it to be call operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also included the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), transaction is deemed to be equal to the fail value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its measured at the carrying amount of the asset given up.

15. 2. Subsequent measurement

Subsequent expenditure relating to heritage assets capitalised if it is probable that future economic benefits of potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost of fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalise it increase the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an heritage asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all the heritage assets are measured at cost less accumulated impairment losses. Heritage assets are not depreciated, owing to uncertainty regarding to their estimated useful lives.
The carrying amount of a heritage asset shall be derecognised:
(a) on disposal (including disposal through a non-exchange transaction), or
(b) when no future economic benefits or service potential are expected from its use or disposal.

16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
▪ expect to be repaid in future; or
▪ expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payment basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991)

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including
(a) MFMA number 56 of 2003
(b) Public Office Bearers Act (Act No. 20 of 1998

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonenment is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the disclosure note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, must be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure (as described as per the Municipal Finance Management Act) is expenditure which was made in vain and would have been avoided had reasonable care been excercied.

21. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support are transferred to the various services and departments to who resources are made available.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to notes for details of changes in accounting policies. Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. TRANSLATION TO FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

25. COMPARATIVE FIGURES

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

27. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Only capital commitments are disclosed.

Commitments are disclosed for:

▪ Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

▪ Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

28. EVENTS AFTER REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

29. Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2018 to 30 June 2019. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed. Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

1. GENERAL INFORMATION

Sol Plaatje Local Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the municipality are prescribed by The Constitution.

2. INVENTORY

	2019 R	2018 R
Inventory Stores - at cost	30,137,229	27,636,695
Inventory Land	6,641,975	6,641,975
Water - at cost	2,235,830	1,892,275
Total Inventory	**39,015,034**	**36,170,944**

The net realisable value of the above water inventory is seen as higher than the cost as stipulated above.

	2019 R	2018 R
The cost of Inventories recognised as an expense (included in general expenses) in respect of write downs of Inventory to Net Realisable Value and which was approved by Council amounted to:	361,363	129,194
The cost of Inventories recognised as an expense during the period was:	46,304,929	48,669,221

3. ASSETS HELD-FOR-SALE

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next twelve months.

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2019			
Service Debtors:	1,581,860,940	631,334,817	950,526,123
Electricity	244,931,355	97,754,290	147,177,066
Refuse	117,092,885	46,732,815	70,360,070
Sewerage	145,127,240	57,921,576	87,205,663
Water	483,261,256	192,873,880	290,387,376
Miscellaneous	591,448,205	236,052,256	355,395,948
Market	914,861	365,129	549,732
Housing Debtors	39,498,726	15,764,294	23,734,432
Sub-Total	**1,622,274,527**	**647,464,240**	**974,810,287**
Non current portion	(30,482,785)		(30,482,785)
Total	**1,591,791,742**	**647,464,240**	**944,327,502**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2018			
Service Debtors:	1,337,488,392	528,155,127	809,333,265
Electricity	225,739,520	89,141,323	136,598,197
Refuse	97,226,351	38,393,302	58,833,049
Sewerage	117,848,323	46,536,625	71,311,698
Water	404,926,183	159,899,586	245,026,597
Miscellaneous	491,748,015	194,184,291	297,563,724
Market	961,398	379,642	581,756
Housing Debtors	34,669,389	13,690,448	20,978,941
Sub-Total	**1,373,119,179**	**542,225,218**	**830,893,961**
Non current portion	(8,723,975)		(8,723,975)
Total	**1,364,395,204**	**542,225,218**	**822,169,986**

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors. Miscellaneous consist mainly out of interest charged on outstanding debtors and VAT on all services.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors. The Municipality does not require collateral in respect of trade and other receivables, except for consumer deposits made by consumers with the connection of water and electricity services.

4.1 Ageing of Exchange Debtors

	2019 R	2018 R
Electricity: Ageing		
Current:		
0 - 30 days	47,388,425	54,982,342
Past Due:		
31 - 60 Days	8,087,664	12,926,624
61 - 90 Days	7,149,480	8,507,621
+ 90 Days	182,305,785	149,322,933
Total	**244,931,355**	**225,739,520**
Refuse: Ageing		
Current:		
0 - 30 days	4,659,689	4,175,328
Past Due:		
31 - 60 Days	3,117,518	2,375,065
61 - 90 Days	2,866,370	2,199,029
+ 90 Days	106,449,308	88,476,929
Total	**117,092,885**	**97,226,351**
Sewerage: Ageing		
Current:		
0 - 30 days	5,993,408	5,239,711
Past Due:		
31 - 60 Days	4,062,533	2,997,387
61 - 90 Days	3,756,607	2,764,672
+ 90 Days	131,314,692	106,846,554
Total	**145,127,240**	**117,848,323**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	2019 R	2018 R
Water: Ageing		
Current:		
0 - 30 days	33,410,059	31,098,679
Past Due:		
31 - 60 Days	15,259,651	10,952,658
61 - 90 Days	13,546,121	11,610,154
+ 90 Days	421,045,425	351,264,691
Total	**483,261,256**	**404,926,183**
Miscellaneous: Ageing		
Current:		
0 - 30 days	22,567,187	21,636,989
Past Due:		
31 - 60 Days	13,101,797	11,092,421
61 - 90 Days	11,667,202	10,171,859
+ 90 Days	545,026,880	449,808,144
Total	**592,363,065**	**492,709,413**
Housing Rentals: Ageing		
Current:		
0 - 30 days	520,640	530,519
Past Due:		
31 - 60 Days	487,507	405,092
61 - 90 Days	479,108	398,179
+ 90 Days	38,011,472	33,335,599
Total	**39,498,726**	**34,669,389**

4.2 Summary of Debtors by Classification (Exchange and Non-Exchange Transactions)

	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
As at 30 June 2019				
Current:				
0 - 30 days	90,525,019	33,719,115	16,047,957	140,292,091
Past Due:				
31 - 60 Days	35,971,486	8,441,932	10,128,423	54,541,841
61 - 90 Days	31,048,647	7,131,820	10,233,062	48,413,529
+ 90 Days	1,137,856,861	207,318,778	829,728,152	2,174,903,792
Sub-Total	1,295,402,013	256,611,645	866,137,594	2,418,151,252
Less: Provision for Impairment	514,117,245	101,843,652	343,751,414	959,712,311
Total Debtors by Classification	**781,284,768**	**154,767,993**	**522,386,180**	**1,458,438,942**
As at 30 June 2018				
Current:				
0 - 30 days	84,705,256	43,259,419	15,827,484	143,792,159
Past Due:				
31 - 60 Days	25,287,716	14,489,471	8,032,086	47,809,273
61 - 90 Days	25,041,441	9,268,455	7,614,463	41,924,359
+ 90 Days	864,987,205	246,079,274	748,029,107	1,859,095,586
Sub-Total	1,000,021,618	313,096,619	779,503,140	2,092,621,377
Less: Provision for Impairment	386,717,993	120,557,942	300,147,905	807,423,840
Total Debtors by Classification	**613,303,625**	**192,538,677**	**479,355,235**	**1,285,197,537**

The amount for debtors past due more than the impairment loss provided for is seen as recoverable therefore no impairment loss has been provided for this excess amount. Management is of the opinion that the current debtors is fully recoverable.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R
4.3 Reconciliation of the Provision for Impairment (Exchange and Non-Exchange		
Balance at beginning of year	807,423,840	947,463,819
Impairment Loss recognised	208,288,655	217,819,497
Amounts written off as uncollectable	(56,000,184)	(357,859,475)
Balance at end of year	**959,712,311**	**807,423,840**

In determining the recoverability of debtors, the municipality has implemented a risk based approach. Individual accounts are assessed and based on the risk factors identified, the adjusted present value of future cash flows of each account is determined. The difference between the adjsuted cash flows and the current value is recognised as an impairment loss.

	2019 R	2018 R
4.4 Ageing of impairment		
0 - 30 Days	3,888,324	3,271,320
31 - 60 Days	2,965,949	2,495,308
61 - 90 Days	2,592,257	2,180,914
+ 90 Days	950,265,781	799,476,298
Total	**959,712,311**	**807,423,840**

5. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019 R	2018 R
Assessment Rates	695,876,741	622,826,427
Government Subsidy Claims	55,777,206	62,249,774
Miscellaneous debtors	1,816,693	2,263,959
Traffic Fines	42,406,086	32,162,038
	795,876,725	719,502,198
Less: Provision for Impairment - Traffic Fines	(34,517,454)	(19,253,332)
Less: Provision for Impairment - Assesment Rates	(277,730,617)	(245,945,290)
Total Other Debtors	483,628,655	454,303,575
Non current portion	(5,739,985)	(1,120,862)
Total Other Debtors	**477,888,669**	**453,182,714**

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments. All Grants and Subsidies are outstanding for more than 90 days. It is impracticiable to age traffic fines as the information is not with the municipality and the amount is impaired at year end.

5.1 Ageing of Debtors

	2019 R	2018 R
Rates: Ageing		
Current:		
0 - 30 days	25,752,684	26,030,700
Past Due:		
31 - 60 Days	10,425,171	6,967,017
61 - 90 Days	8,948,641	6,272,846
+ 90 Days	650,750,245	583,555,864
Total	**695,876,741**	**622,826,427**

6. CASH AND CASH EQUIVALENTS

	2019 R	2018 R
Cash and Cash Equivalents	28,718,784	93,994,317
Bank/(Bank Overdraft)	45,300,502	41,245,881
Total Cash and Cash Equivalents	**74,019,286**	**135,240,198**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks, net of outstanding Bank Overdrafts.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

6. CASH AND CASH EQUIVALENTS (Continued)

6.1 Current Investment Deposits

	2019 R	2018 R
Call Deposits	1,750,664	34,950,000
Notice Deposits	26,950,000	59,028,197
Total Current Investment Deposits	**28,700,664**	**93,978,197**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.8% to 6.55% per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rate of 8% per annum.

A fixed deposit of R5,377,461 (2017/18: R3,054,994) was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.

A fixed deposit of R20,973,203 (2017/18: R20,973,203) was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of a loan taken up during the current financial year.

6.2 Bank Accounts

	2019 R	2018 R
Cash book balance		
Cash book balance at beginning of year	41,245,881	43,803,370
Cash book balance at end of year	45,300,502	41,245,881

The following disclosures in terms of Municipal Finance Management Act (MFMA) section 125 2(a):
Current Account (Primary Bank Account)
The Municipality has the following main bank account:
Standard Bank Kimberley Old Main Road
Account Number 040065367

	2019 R	2018 R
Primary Bank account 040065367		
Bank statement balance at beginning of year / (overdrawn)	34,398,103	37,727,821
Bank statement balance at end of year / (overdrawn)	37,229,378	34,398,103
Sub account -Resort 040039072		
Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-
Sub account -Traffic 040036340		
Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-
Sub account -Stores 040065405		
Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-
Sub account -Salary 040065391		
Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-
Sub account -Market 040065383		
Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	10,000	-

Interest on overdrawn current accounts are charged at the bank's prime rate per annum. Interest is earned at different rates per annum on favourable balances.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

6. CASH AND CASH EQUIVALENTS (Continued)

6.3 Cash and Cash equivalents

	2019 R	2018 R
Cash Floats and Advances	18,120	16,120
Cash on hand in Cash Floats, Advances and Equivalents	18,120	16,120

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.

7. OPERATING LEASE ASSETS / RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

	2019 R	2018 R
Balance as at 30 June	-	-
Operating Lease expenses recorded	-	-
Operating Lease payments effected	-	-
Total Operating Lease Assets	**-**	**-**

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to property owned by the municipality with lease terms of between 1 to 10 years. The lessees do not have an option to purchase the property at the expiration of the lease period. Operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

	2019 R	2018 R
Rental Revenue earned from Investment Property	373,605	429,815

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

	2019 R	2018 R
Up to 1 year	932,331	817,030
2 to 5 years	2,094,667	1,080,895
More than 5 years	434,331	701,760
Total Operating Lease Arrangements	**3,461,329**	**2,599,685**

The following restrictions have been imposed by the municipality in terms of its lease agreements:

(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. VAT RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Vat Receivable from Exchange Transactions	**23,061,323**	**33,054,857**

Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

SOL PLAATJE LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS

30 June 2019

Reconciliation of Carrying Value

Description	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2018	**1,284,241,095**	**264,029,561**	**7,863,705**	**49,789,385**	**1,605,923,746**
Cost	1,781,835,179	329,712,396	7,863,705	151,015,484	2,270,426,764
- *Completed Assets*	*1,489,866,500*	*320,068,366*	*6,017,355*	*151,015,484*	*1,966,967,704*
- *Under Construction*	*291,968,679*	*9,644,030*	*1,846,350*	-	*303,459,060*
Correction of error (Note 39)	-	-	-	-	-
Accumulated Impairment Losses	(11,333,767)	-	-	-	(11,333,767)
Accumulated Depreciation:	(486,260,316)	(65,682,835)	-	(101,226,099)	(653,169,251)
- *Cost*	*(486,260,316)*	*(65,682,835)*	-	*(101,226,099)*	*(653,169,251)*
Acquisitions	3,462,888	-	-	3,678,909	7,141,797
Capital under Construction - Additions	187,514,158	6,303,439	4,207,179	-	198,024,776
- *Cost*	*187,514,158*	*6,303,439*	*4,207,179*	-	*198,024,776*
Reversals of Impairment Loss					-
Depreciation:	(39,419,936)	(8,521,833)	-	(9,897,050)	(57,838,819)
- *Based on Cost*	*(39,419,936)*	*(8,521,833)*		*(9,897,050)*	*(57,838,819)*
Disposal/Impairment	(6,553)	-	-	-	(6,553)
- Cost	(6,553)	-		(16,834)	(23,388)
- Accumulated Depreciation	-	-	-	16,834	16,834
- *Based on Cost*	-	-		*16,834*	*16,834*
Capital under Construction - Completed	(96,712,980)	-	-		(96,712,980)
Other Movements	96,719,534	-	-	-	96,719,534
- Cost	96,712,980	-	-		96,712,980
- Accumulated Impairment Losses	6,553				6,553
Carrying values at 30 June 2019	**1,435,798,206**	**261,811,166**	**12,070,884**	**43,571,244**	**1,753,251,500**
Cost	1,972,805,672	336,015,835	12,070,884	154,677,558	2,475,569,949
- *Completed Assets*	*1,590,035,815*	*320,068,366*	*6,017,355*	*154,677,558*	*2,070,799,093*
- *Under Construction*	*382,769,857*	*15,947,469*	*6,053,530*	-	*404,770,856*
Accumulated Impairment Loss	(11,327,214)	-	-	-	(11,327,214)
Accumulated Depreciation:	(525,680,252)	(74,204,669)	-	(111,106,315)	(710,991,235)
- *Cost*	*(525,680,252)*	*(74,204,669)*	-	*(111,106,315)*	*(710,991,235)*

30 June 2018

Reconciliation of Carrying Value

Description	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2017	**1,104,453,504**	**263,059,406**	**7,863,705**	**57,519,120**	**1,432,895,735**
Cost	1,564,108,966	321,129,061	7,863,705	149,860,687	2,042,962,419
- *Completed Assets*	*1,478,897,968*	*319,993,220*	*6,017,355*	*149,860,687*	*1,954,769,229*
- *Under Construction*	*85,210,998*	*1,135,841*	*1,846,350*	-	*88,193,190*
Accumulated Impairment Losses	*(10,962,268)*	-	-	-	(10,962,268)
Accumulated Depreciation:	(448,693,193)	(58,069,656)	-	(92,341,566)	(599,104,415)
- *Cost*	*(448,693,193)*	*(58,069,656)*	-	*(92,341,566)*	(599,104,415)
Restated carrying values at 01 July 2017	**1,104,453,504**	**263,059,406**	**7,863,705**	**57,519,120**	**1,432,895,735**
Acquisitions	11,196,054	75,146	-	7,993,909	19,265,108
Capital under Construction - Additions	*206,757,681*	*8,508,189*	-	-	*215,265,871*
- *Cost*	*206,757,681*	*8,508,189*	-	-	*215,265,871*
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(37,703,790)	(7,613,180)	-	(13,636,774)	(58,953,744)
- *Based on Cost*	*(37,703,790)*	*(7,613,180)*	-	*(13,636,774)*	*(58,953,744)*
Disposal/Impairment	(90,856)	-	-	(2,086,870)	(2,177,726)
- Cost	(227,522)	-	-	(6,839,112)	(7,066,634)
- Accumulated Depreciation	136,667	-	-	4,752,241	4,888,908
Other Movements	(371,499)	-	-	-	(371,499)
- Accumulated Impairment Losses	(371,499)			-	(371,499)
Carrying values at 30 June 2018	**1,284,241,095**	**264,029,561**	**7,863,705**	**49,789,385**	**1,605,923,746**
Cost	1,781,835,179	329,712,396	7,863,705	151,015,484	2,270,426,764
- *Completed Assets*	*1,489,866,500*	*320,068,366*	*6,017,355*	*151,015,484*	*1,966,967,704*
- *Under Construction*	*291,968,679*	*9,644,030*	*1,846,350*	-	*303,459,060*
Accumulated Impairment Losses	(11,333,767)	-	-	-	(11,333,767)
Accumulated Depreciation:	(486,260,316)	(65,682,835)	-	(101,226,099)	(653,169,251)
- *Cost*	*(486,260,316)*	*(65,682,835)*	-	*(101,226,099)*	*(653,169,251)*

Refer to Appendices "B, C and Note 60.2" for more detail on Property, Plant and Equipment, including those in the course of construction.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS (Continued)

9.1 Carrying Amount of Property, Plant and Equipment temporarily idle:

	2019 R	2018 R
An element of plant of the Municipality is currently temporarily not in use. The carrying amount of this asset, which is included in the reconciliation of the carrying value of Property, Plant and Equipment as above, is as follows:	**27,679**	**57,855**

9.2 Heritage Assets

The municipality identified certain categories of assets that can be classified as Heritage Assets. Some of these categories are not valued due to the fact that no active market exists for these items and therefore no value can be attached to it. The mentioned categories are: *Municipal Jewellery, Antique Paintings, Monuments (including plaques or busts).* The note below gives the detail of the composition of the heritage registers and the values attached thereto.

Heritage assets disclosed in the financial statements consist of the following:

	2019 R	2018 R
Land (24 areas)	5,981,199	5,981,199
Antiques Other (38 items)	36,156	36,156
Antiques Paintings (15 items)	-	-
Municipal Jewellery (2 items)	-	-
Monuments (13 items)	-	-
Monuments (Work in progress)	6,053,530	1,846,350
Total	**12,070,884**	**7,863,705**

9.3 Work in Progress (WIP) - Projects significantly delayed

	2019 R	2018 R
Included in the work in progress balance is the following amount pertaining to the Riverton high lift pumps. This project has been siginifcantly delayed due to the fact that the pump station building needed to be refurbished to enable the fitting of the pumps.	-	57,114,287
The project relating to the Ritchie Bulk Water augmentation has been delayed due to challenges experienced with the funding of this project.	-	23,536,508
Included in the work in progress balance is the following amount pertaining to the new Homevale Fire station. This project was been significantly delayed as a result of a dispute with the consulting engineer.	-	5,808,923
The Lerato Park water and sewer projects which is a presidential project has been hugely delayed as a result of contractual dispute with the consulting engineers. This issue is still unresolved.	-	5,064,418
The Nelson Mandela monument project has been depayled due to the fact that there are ongoing investgations pertainign to this project.	-	1,846,350
The Platfontein road project has been delayed due to insufficient funding to complete the project.	-	3,320,462
The Galaeshewe Transport Link project has been delayed due to challenges in appointing a service provider for this project.	-	21,896,308
The stormwater projects in Galeshewe and Roodepan have been delayed due to insufficient internal funding to complete the projects.	-	10,531,853

10. INTANGIBLE ASSETS

	2019 R	2018 R
At Cost less Accumulated Amortisation and Accumulated Impairment Loss	**5,566,214**	**9,207,324**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2018	**9,207,324**	**9,207,324**
Cost	20,961,762	20,961,762
Accumulated Amortisation	(11,754,438)	(11,754,438)
Amortisation during the Year:	(3,641,110)	(3,641,110)
Purchased	(3,641,110)	(3,641,110)
Carrying values at 30 June 2019	**5,566,214**	**5,566,214**
Cost	20,961,762	20,961,762
Accumulated Amortisation	(15,395,548)	(15,395,548)
Carrying values at 01 July 2017	**3,825,728**	**3,825,728**
Cost	11,627,148	11,627,148
Accumulated Amortisation	(7,801,420)	(7,801,420)
Acquisitions during the Year:	9,494,702	9,494,702
Purchased	9,494,702	9,494,702
Amortisation during the Year:	(4,070,773)	(4,070,773)
Purchased	(4,070,773)	(4,070,773)
Transfers during the Year:	(42,333)	(42,333)
At Cost	(160,088)	(160,088)
At Accumulated Amortisation	117,755	117,755
Carrying values at 30 June 2018	**9,207,324**	**9,207,324**
Cost	20,961,762	20,961,762
Accumulated Amortisation	(11,754,438)	(11,754,438)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31). All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

10. INTANGIBLE ASSETS (Continued)

	2019 R	2018 R
Carrying amount of Assets subject to finance leases:		
Carrying values at 1 July	7,270,097	9,054,917
Amortisation during the Year	(3,018,306)	(1,784,820)
Carrying value at 30 June	**4,251,791**	**7,270,097**
Finance leases refer to note 18.1		

11. INVESTMENT PROPERTY

	2019 R	2018 R
At Cost less Accumulated Depreciation	**208,858,631**	**206,415,065**
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	**206,415,065**	**208,165,413**
Cost	208,401,008	209,944,610
Accumulated Depreciation	(1,985,943)	(1,779,197)
Acquisitions during the Year	2,660,415	813,064
Depreciation during the Year	(216,849)	(206,746)
Disposals during the Year:	-	(2,356,666)
At Cost	-	(2,356,666)
Carrying values at 30 June	**208,858,631**	**206,415,065**
Cost	211,061,423	208,401,008
Accumulated Depreciation	(2,202,792)	(1,985,943)
Estimated Fair Value of Investment Property at 30 June	**211,061,423**	**196,204,175**
Revenue and Expenditure disclosed in the Statement of Financial Performance include: Rental Revenue earned from Investment Property	373,605	429,815

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. Impairment is assessed annually and if an indicator of impairment is identified, the investment property will be impaired.

There are no contractual obligations on Investment Property.

12. LONG-TERM RECEIVABLES

Staff were previously entitled to loans from the Municipality. This practice has been phased out by the Municipality in terms of the requirements of the MFMA. Subsequent to this change in policy, all loans have been repaid.

13. CONSUMER DEPOSITS

	2019 R	2018 R
Electricity and Water	34,916,719	32,340,693
Total Consumer Deposits	**34,916,719**	**32,340,693**
Guarantees held in lieu of Electricity and Water Deposits	**2,007,428**	**3,482,717**

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

14. EMPLOYEE BENEFITS

	2019 R	2018 R
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19 below)	8,088,000	7,693,959
Current Portion of Long Service Liability (See Note 19 below):	4,469,158	4,001,800
Ex-Gratia Arrangements	556,101	209,123
Long Service Awards	3,913,057	3,792,677
Accrued Leave	43,674,113	37,321,982
Staff Bonuses	11,673,386	10,877,779
Total Provisions	**67,904,658**	**59,895,519**

Accrued Leave accrues to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

15. PAYABLES FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Trade Payables	220,986,625	154,368,596
Payments received in Advance	15,722,857	14,151,190
Other Payables	1,224,958	1,490,098
Total Payables	**237,934,440**	**170,009,884**

Various immaterial individual creditor balances have been restated for the prior year. Refer to Note 39 on "Correction of Error" for the quantum of the restatement as at 30 June 2018.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair value.

16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2019 R	2018 R
16.1 Conditional Grants from Government	**6,900,788**	**29,832,052**
Grants	6,900,788	29,832,052
Total Conditional Grants and Receipts	**6,900,788**	**29,832,052**

See Note 26 for the reconciliation of Grants from Other Spheres of Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Refer to Appendix "E" for more detail on Conditional Grants.

17. VAT PAYABLE FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Vat Payable from Exchange Transactions	**66,226,471**	**55,986,894**

Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2019	2018
	R	R

18. LONG TERM LIABILITIES

	2019 R	2018 R
Annuity Loans	201,166,524	210,426,223
Finance Lease Liabilities	3,875,215	6,479,548
Sub-total	205,041,738	216,905,770
Less: Current Portion transferred to Current Liabilities:-	13,146,566	12,680,140
Annuity Loans	9,404,023	9,252,011
Finance Lease Liabilities	3,742,543	3,428,129
Total Long-term Liabilities	**191,895,172**	**204,225,630**

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

R24,000,000 of the Debtors book as well as an investment of R20,973,203 with Standard Bank have been ceded as security on two loans with the DBSA .

18.1 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2019	2018	2019	2018
Amounts payable under finance leases:	R	R	R	R
Within one year	4,199,043	3,576,392	3,742,543	3,428,129
In the second to fifth years, inclusive	167,298	3,760,574	132,672	3,051,419
	4,366,341	7,336,966	3,875,215	6,479,548
Present Value of Minimum Lease Obligations	**4,366,341**	**7,336,966**	**3,875,215**	**6,479,548**
Less: Amounts due for settlement within 12 months (Current Portion)			3,742,543	3,428,129
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			132,672	3,051,419

	2019 R	2018 R
Minimum Lease Payments	4,366,341	7,336,966
Present Value of Minimum Lease	3,875,215	6,479,548
Future finance charges	**491,126**	**857,417**

The municipality has finance lease agreements for the following significant classes of assets:
- Software Licenses

Included in these classes are the following significant lease:
(i) Microsoft Licensing agreement

	2019	2018
- Instalments are payable yearly in advance		
- Average period outstanding	18 months	30 months
- Average effective interest rate	10.25%	10.25%
- Average yearly instalment	2,649,766	2,685,548

19. EMPLOYEE BENEFIT LIABILITIES

	2019 R	2018 R
Long Service Awards	13,595,601	13,337,673
Ex-Gratia Arrangements	754,124	850,717
Post-retirement Health Care Benefits Liability	249,400,148	222,417,689
Total Non-current Provisions	**263,749,873**	**236,606,079**

The movement in Employee Benefit Liabilities are reconciled as follows:

19.1 Post-retirement Health Care Benefits Liability

	2019 R	2018 R
Balance at beginning of Year	230,111,648	207,603,912
Contributions to Provision	(7,693,959)	(7,007,261)
Expenditure incurred	31,961,940	27,616,340
Actuarial loss/(gain)	3,108,519	1,898,657
Wholly unfunded balance at year end	257,488,148	230,111,648
Transfer to Current Provisions	(8,088,000)	(7,693,959)
Total Post-retirement Health Care Benefits Liability	**249,400,148**	**222,417,689**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2019	2018
In-service (employee) members	1,281	1,267
In-service (employee) non-members	136	128
Continuation Members (retirees and widowers)	208	213
Total Members	**1,625**	**1,608**

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19. EMPLOYEE BENEFIT LIABILITIES (Continued)

	2019 R	2018 R
The liability in respect of past service has been estimated as follows:		
In-service Members	155,672,600	146,135,781
In-service Non-members	4,867,948	4,236,045
Continuation Members	96,947,600	79,739,822
Total Liability	**257,488,148**	**230,111,648**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
- Bonitas
- Hosmed
- Key Health
- LA Health
- Samwumed

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2019	2018
Discount Rate	9.48%	9.60%
Health Care Cost Inflation Rate	6.93%	7.42%
Net Effective Discount Rate	2.39%	2.03%
Expected Rate of Salary Increase (ERSI)	4.82%	3.46%
Expected Retirement Age - Females	62	63
Expected Retirement Age - Males	62	63

Movements in the present value of the Defined Benefit Obligation were as follows:

	2019	2018
Balance at the beginning of the year	230,111,648	207,603,912
Current service costs	10,232,070	8,828,614
Interest cost	21,729,870	18,787,726
Benefits paid	(7,693,959)	(7,007,261)
Actuarial loss/(gain)	3,108,519	1,898,657
Present Value of Fund Obligation at the end of the Year	**257,488,148**	**230,111,648**
Total Recognised Benefit Liability	**257,488,148**	**230,111,648**

The amounts recognised in the Statement of Financial Position are as follows:

	2019	2018
Present value of fund obligations	257,488,148	230,111,648
Total Benefit Liability	**257,488,148**	**230,111,648**

The amounts recognised in the Statement of Financial Performance are as follows:

	2019	2018
Current service cost	10,232,070	8,828,614
Interest cost	21,729,870	18,787,726
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**31,961,940**	**27,616,340**

The history of experienced adjustments is as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Present Value of Defined Benefit Obligation	257,488,148	230,111,648	207,603,912	224,747,155	174,409,000
Deficit	**257,488,148**	**230,111,648**	**207,603,912**	**224,747,155**	**174,409,000**

	2019 R	2018 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	33,196,000	28,868,900
Effect on the defined benefit obligation	278,029,000	238,316,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	30,179,000	25,852,500
Effect on the defined benefit obligation	232,633,000	218,520,000

Refer to Note 49 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

SOL PLAATJE LOCAL MUNICIPALITY
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	2019	2018
	R	R

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

19.2 Ex-Gratia Arrangements

	2019 R	2018 R
Balance at beginning of year	1,059,840	1,634,168
Interest cost	77,638	99,156
Expenditure incurred / Contribution	(209,123)	(821,843)
Actuarial Loss / (Gain)	381,870	148,359
	1,310,225	1,059,840
Transfer to current provisions	(556,101)	(209,123)
Balance at end of year	**754,124**	**850,717**

Ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's pension arrangements. Provision has therefore not been made in this valuation for the possibility that future employees might be entitled to these annuities.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end their were 25 remaining employees eligible for Ex-gratia arrangement awards.

	2019 R	2018 R
The interest costs for the year is estimated to be:	77,638	99,156
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.27%	8.11%
Net Effective Discount Rate	2.13%	2.08%
Expected Rate of Salary Increase	5.03%	5.91%
Expected Retirement Age - Females	62	63
Expected Retirement Age - Males	62	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	1,059,840	1,634,168
Expenditure incurred / Contribution	(209,123)	(821,843)
Present Value of Fund Obligation at the end of the Year	**1,310,225**	**1,059,840**
Total Recognised Benefit Liability	**754,124**	**850,717**
The amounts recognised in the Statement of Financial Performance are as follows:		
Interest cost	77,638	99,156
Actuarial loss	381,870	148,359
Total Post-retirement Benefit included in Employee Related Costs	**459,508**	**247,515**

The history of experienced adjustments is as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Present Value of Defined Benefit Obligation	1,310,225	1,059,840	1,634,168	1,491,443	907,000
Deficit	**1,310,225**	**1,059,840**	**1,634,168**	**1,491,443**	**907,000**

	2019 R	2018 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the interest cost	84,797	108,844
Effect on the defined benefit obligation	1,286,592	1,033,094
Decrease:		
Effect on the aggregate of the interest cost	70,042	88,936
Effect on the defined benefit obligation	1,335,082	1,087,833

19.3 Long Service Awards

	2019 R	2018 R
Balance at beginning of year	17,130,350	16,543,810
Current service cost	1,599,723	1,662,789
Interest cost	1,243,068	1,244,907
Expenditure incurred / Contribution	(3,792,677)	(2,500,064)
Actuarial Loss / (Gain)	1,328,194	178,908
	17,508,658	17,130,350
Transfer to current provisions	(3,913,057)	(3,792,677)
Balance at end of year	**13,595,601**	**13,337,673**

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end employees eligible for Long-service Awards:	1,417	1,404

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	7.77%	8.14%
Cost Inflation Rate	5.34%	5.85%
Net Effective Discount Rate	2.31%	2.16%
Expected Rate of Salary Increase	5.34%	5.85%
Expected Retirement Age - Females	62	63
Expected Retirement Age - Males	62	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	17,130,350	16,543,810
Current service costs	1,599,723	1,662,789
Interest cost	1,243,068	1,244,907
Benefits paid	(3,792,677)	(2,500,064)
Actuarial loss / (gains)	1,328,194	178,908
Present Value of Fund Obligation at the end of the Year	**17,508,658**	**17,130,350**
Total Recognised Benefit Liability	**17,508,658**	**17,130,350**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	17,508,658	17,130,350
Total Benefit Liability	**17,508,658**	**17,130,350**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,599,723	1,662,789
Interest cost	1,243,068	1,244,907
Benefits paid	(3,792,677)	(2,500,064)
Actuarial loss / (gains)	1,328,194	178,908
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**378,308**	**586,540**

The history of experienced adjustments is as follows:

	2019	**2018**	**2017**	**2016**	**2015**
	R	**R**	**R**	**R**	**R**
Obligation	17,508,658	17,130,350	16,543,810	18,179,623	18,233,000
Deficit	**17,508,658**	**17,130,350**	**16,543,810**	**18,179,623**	**18,233,000**

	2019	**2018**
	R	**R**
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	2,979,100	2,873,600
Effect on the defined benefit obligation	16,837,000	16,499,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2,927,100	2,808,500
Effect on the defined benefit obligation	18,233,000	17,812,000

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	2019 R	2018 R
20. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Land-fill Sites	476,543	474,788
Total Non-current Provisions	**476,543**	**474,788**

The movement in Non-current Provisions are reconciled as follows:

20.1 Rehabilitation of Land-fill Sites

	2019 R	2018 R
Balance at beginning of year	474,788	691,110
Expenditure incurred / Contribution	1,755	(216,322)
Balance at end of year	**476,543**	**474,788**
In terms of the licensing of the landfill refuse sites, the municipality will incur the following licensing and rehabilitation costs to restore the site at the end of its useful life, estimated to be 91.7 years (provision has been made for the net present value of this cost, using the average cost of borrowing interest rate):	476,543	474,788

An independent valuer performed the valuation. The valuer based his calculations on the rehabilitation costs incurred on a similar site in the Eastern Cape area.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2019	2018
Inflation Rate	5.10%	6.00%
Size of landfill site in hectares	16	16
Annual tonnage of waste deposited	72,000	72,000

Approximately 1ha per year of the landfill site is considered to be filled with no air space remaining and may be prepared for rehabilitation.

21. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

	2019 R	2018 R
Capital Replacement Reserve (CRR)	39,313,206	65,117,470
Self-insurance Reserve	22,615,921	24,278,117
C.O.I.D. Reserve	10,843,202	10,970,189
Accumulated Surplus due to the results of Operations	2,606,287,372	2,408,792,215
Total Accumulated Surplus	**2,679,059,700**	**2,509,157,991**

The **Capital Replacement Reserve (CRR)** is a reserve to finance future capital expenditure and is fully cash backed.

The **Self-insurance Reserve** covers all internal and external insurance claims against Council. Council is externally insured for catastrophic events.

The Compensation Commissioner for Occupational Injuries and Diseases (**C.O.I.D.) Reserve** arises on the exemption from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act. A fixed deposit as determined by the Commissioner was made as a security to the Self-Insurance Workman Compensation Reserve.
Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019	2018
	R	R

22. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2017	July 2016		
	R000's	R000's		
Residential	17,177,665	16,973,759	150,951,912	162,211,190
Business	4,974,780	4,782,519	136,804,442	137,017,198
Rural	1,874,404	1,973,746	3,816,524	2,377,234
Industrial	474,653	481,703	14,255,733	13,548,040
PSI	75,484	75,453	-	-
State	3,031,720	3,150,110	184,146,699	163,677,585
Mining Areas	106,456	73,641	22,911,050	13,477,494
Exempt	2,257,667	2,187,108	-	-
Total Assessment Rates	**29,972,828**	**29,698,039**	**512,886,361**	**492,308,741**

Valuations on land and buildings are performed every four years in terms of the Municipal property rates act (MPRA). The last general valuation came into effect on 1 July 2015. Supplementary valuations are processed when necessary to take into account changes in individual property values due to alterations, subdivisions, etc. Rates are levied on an annual basis with the final date of payment being 30 September each year. Ratepayers can apply to pay rates monthly. Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. A rebate of 60% (2017/18: 55%) was allowed on residential properties for pensioners based on the annual income of the ratepayer's household.

23. INTEREST EARNED

	2019	2018
	R	R
External Investments:		
Interest	10,001,619	18,700,351
Outstanding Debtors:		
Interest	141,429,154	174,794,039
Total Interest Earned	**151,430,773**	**193,494,390**

Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Financial instruments at amortised cost	**151,430,773**	**193,494,390**

24. SERVICE CHARGES

Sale of Electricity	552,454,437	603,857,316
Sale of Water	236,691,392	227,137,050
Refuse Removal	48,779,914	45,229,213
Sewerage and Sanitation Charges	67,424,356	62,103,370
Total Service Charges	**905,350,099**	**938,326,950**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

25. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Facilities and Equipment	11,092,199	10,566,166
Total Rental of Facilities and Equipment	**11,092,199**	**10,566,166**

Rental revenue earned on Facilities and Equipment is in respect of residential buildings rented out.

26. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants		
National Equitable Share	172,437,000	150,981,680
Other Subsidies	7,800,000	7,599,241
Operational Grants	180,237,000	158,580,921
Conditional Grants	209,126,355	218,831,966
National: Financial Management Grant (FMG)	1,700,000	1,700,000
National: Municipal Infrastructure Grant (MIG)	52,241,777	36,699,896
National: Grants	143,977,185	167,505,581
National: Expanded Public Works Programme (EPWP)	3,137,000	4,762,000
Provincial: Grants	6,550,144	4,256,542
Local Government: Local Municipalities Grant	1,520,248	3,907,947
Total Government Grants and Subsidies	**389,363,355**	**377,412,888**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
Unconditional Grants:		
26.1 National Equitable Share:	172,437,000	150,981,680

This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.

26.2 Provincial Health Subsidies:		
Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Municipality renders health services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively for health services (included in Appendix E).

26.3 Other Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts:	7,800,000	7,599,241
- Library	7,800,000	7,000,000
- Miscellaneous	-	599,241
Conditions met - transferred to Revenue	(7,800,000)	(7,599,241)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to library expenditure (included in Appendix E). The conditions of the grant have been met.

Conditional Grants:

26.4 National: FMG		
Balance unspent at beginning of year	-	-
Current year receipts	1,700,000	1,700,000
Conditions met - transferred to Revenue: Operating Expenses	(1,700,000)	(1,700,000)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Financial Management Grant is paid by National Treasury to high capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). The grant is spent in accordance with National Treasury guidelines (included in Appendix E). Not all funds have been paid.

26.5 National: MIG		
Balance unspent at beginning of year	5,803,104	-
Current year receipts	48,816,000	42,503,000
Conditions met - transferred to Revenue: Operating Expenses	-	(2,037,156)
Conditions met - transferred to Revenue: Capital Expenses	(52,241,777)	(34,662,741)
Conditions still to be met - transferred to Liabilities (see Note 16)	**2,377,327**	**5,803,104**

This grant was used for various projects (included in Appendix E). No funds have been withheld.

26.6 National: Grants		
Balance unspent at beginning of year	17,990,804	2,643,881
Current year receipts	130,509,842	182,852,503
Conditions met - transferred to Revenue: Operating Expenses	(5,048,846)	(1,492,310)
Conditions met - transferred to Revenue: Capital Expenses	(138,928,339)	(166,013,271)
Conditions still to be met - transferred to Liabilities (see Note 16)	**4,523,461**	**17,990,804**

This grant was used for various projects (included in Appendix E). No funds have been withheld.

26.7 National - EPWP		
Balance unspent at beginning of year	-	-
Current year receipts	3,137,000	4,762,000
Conditions met - transferred to Revenue: Operating Expenses	(3,137,000)	(4,762,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

This grant was used for various projects (included in Appendix E). No funds have been withheld.

26.8 Provincial: Grants		
Balance unspent at beginning of year	6,038,144	9,705,828
Current year receipts	512,000	588,859
Conditions met - transferred to Revenue: Operating Expenses	(466,658)	(1,899,823)
Conditions met - transferred to Revenue: Capital Expenses	(6,083,487)	(2,356,720)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**6,038,144**

The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix E). Not all funds have been paid.

SOL PLAATJE LOCAL MUNICIPALITY
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	2019 R	2018 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		

26.9 Local Government - Local Municipalities

	2019 R	2018 R
Balance unspent at beginning of year	-	-
Current year receipts	1,520,248	3,907,947
Conditions met - transferred to Revenue: Operating Expenses	(1,520,248)	(3,907,947)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix E). No funds have been withheld.

26.10 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.

27. PUBLIC CONTRIBUTIONS AND DONATIONS

	2019 R	2018 R
Donations Received	-	4,561,345
Total Public Contributions and Donations	**-**	**4,561,345**

Donations received comprise of various assets that was paid for by a third party.

28. OTHER INCOME

	2019 R	2018 R
Premiums received and claims recovered	959,674	4,746,611
Admission, Academic and transaction fees	5,286,129	6,304,114
Burial fees	863,922	1,515,018
Building Plan Approvals	1,817,529	1,560,261
Market Fees	1,699,553	3,294,844
Unclaimed fines, deposits and stale cheques	3,315,267	2,862,672
Various (including camping fees,advertising, etc)	2,367,081	4,611,725
Total Other Income	**16,309,156**	**24,895,246**

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

29. EMPLOYEE RELATED COSTS

	2019 R	2018 R
Employee Related Costs - Salaries and Wages	365,624,913	340,348,201
Employee Related Costs - Contributions for UIF and Medical Aids	48,189,421	45,973,997
Employee Related Costs - Contributions for Pensions	56,517,360	53,611,736
Employee Related Costs - 13th Annual Cheque	26,335,672	26,375,577
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	95,453,810	87,849,436
Housing Benefits and Allowances	2,673,534	2,429,444
Overtime Payments	41,467,184	45,695,504
Long-service Awards	12,602,435	12,423,704
Defined Benefit Plan Expense:	39,700,952	32,601,601
Current Service Cost	11,831,793	10,491,403
Interest Cost	23,050,576	20,032,633
Net Actuarial loss/(gain) recognised	4,818,583	2,077,565
Total Employee Related Costs	**688,565,281**	**647,309,202**

Remuneration of the Municipal Manager

	2019 R	2018 R
Annual Remuneration	2,228,436	1,784,665
Car Allowance	157,500	157,500
Company Contributions to UIF, Medical and Pension Funds	35,385	232,110
Total	**2,421,321**	**2,174,276**

Remuneration of the Director: Finance

	2019 R	2018 R
Annual Remuneration	1,335,516	1,180,397
Car Allowance	418,002	378,263
Company Contributions to UIF, Medical and Pension Funds	238,741	236,974
Total	**1,992,259**	**1,795,634**

Remuneration of the Director: Corporate Services

	2019 R	2018 R
Annual Remuneration	1,146,137	1,140,125
Car Allowance	379,802	372,266
Company Contributions to UIF, Medical and Pension Funds	250,389	247,062
Total	**1,776,327**	**1,759,453**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019	2018
	R	R
29. EMPLOYEE RELATED COSTS (Continued)		
Remuneration of the Director: Strategy, Economic Development and Planning		
Annual Remuneration	1,182,619	1,185,843
Car Allowance	337,516	350,864
Company Contributions to UIF, Medical and Pension Funds	267,592	262,637
Total	**1,787,727**	**1,799,344**
Remuneration of the Director: Community Services		
Annual Remuneration	1,394,056	1,299,031
Car Allowance	259,394	222,328
Company Contributions to UIF, Medical and Pension Funds	319,641	290,656
Total	**1,973,091**	**1,812,014**
Remuneration of the Director: Technical Services		
Annual Remuneration	1,152,777	937,484
Car Allowance	360,730	302,369
Company Contributions to UIF, Medical and Pension Funds	191,167	191,727
Total	**1,704,674**	**1,431,581**

The post was vacant for a part of the year. The above amounts includes acting employees.

The following compensation was payable to key management personnel in terms of GRAP as at 30 June:

	2019	2018
Staff Leave Benefits:-		
Municipal Manager	317,209	165,706
Chief Financial Officer	168,143	242,337
Director Community	68,540	24,479
Director Corporate	95,426	109,043
Director SED	149,509	149,509
Director Technical	39,625	-
Total	**838,452**	**691,074**

30. REMUNERATION OF COUNCILLORS

	2019	2018
Executive Mayor	963,519	964,971
Speaker	529,347	806,380
Councillors	18,226,121	17,551,039
Contributions to UIF, Medical and Pension Funds and other allowances	8,668,571	9,086,969
Total Councillors' Remuneration	**28,387,557**	**28,409,358**

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Speaker and the Mayoral Committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. Council owned vehicles are made available for official duties.

31. DEPRECIATION AND AMORTISATION

	2019	2018
Depreciation: Property, Plant and Equipment	57,838,819	58,953,744
Amortisation: Intangible Assets	3,641,110	4,070,773
Depreciation: Investment Property	216,849	206,746
Total Depreciation and Amortisation	**61,696,778**	**63,231,263**

32. IMPAIRMENT LOSS

	2019	2018
32.1 Impairment Loss on Financial Assets		
Impairment Losses Recognised:	205,848,140	235,825,453
Trade Receivables from exchange transactions	158,798,692	193,345,675
Trade Receivables from non-exchange transactions	47,049,448	42,479,778
	205,848,140	**235,825,453**
Total Impairment Loss	**205,848,140**	**235,825,453**

33. FINANCE COSTS

	2019	2018
Loans and Payables at amortised cost	25,790,059	26,803,179
Finance Leases	460,376	409,872
Total Interest Expense	26,250,436	27,213,051
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	**26,250,436**	**27,213,051**

34. BULK PURCHASES

	2019	2018
Electricity	459,677,783	420,967,705
Water	94,759,879	80,366,286
Total Bulk Purchases	**554,437,661**	**501,333,991**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the Department Water Affairs and Forestry.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

35. CONTRACTED SERVICES	**2019 R**	**2018 R**
Audit committee	606,248	934,941
Legal and collection cost	11,439,126	7,626,376
Maintenance of Equipment and Security	7,480,037	11,635,994
Project Management	2,734,500	10,173,418
Prepaid Vendor	19,018,659	21,713,295
Other Contracted Services	1,063,262	1,270,425
Total Grants and Subsidies	**42,341,831**	**53,354,448**

36. GRANTS AND SUBSIDIES PAID

Diamonds and Dorings Festival	-	2,730,000
Gariep Festival	-	1,600,000
Other Grants	2,240,284	3,394,953
Subsidy paid to Society for Prevention of Cruelty against Animals (SPCA)	1,700,000	1,600,000
Total Grants and Subsidies	**3,940,284**	**9,324,953**

The grants to the festivals are to promote economic growth. The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.

37. GENERAL EXPENSES

Repairs and Maintenance		
Hardware in Store	5,448,023	9,645,940
Stores Workshop	1,283,673	1,739,105
Building Maintenance	8,373,953	7,189,653
Electricity Maintenance	16,956,017	23,937,102
Fleet Maintenance	140,243	3,046,811
General Maintenance	22,173,918	16,845,721
Other Materials - Clarification/Purification Chemicals	7,818,133	6,437,100
Other Materials -Cleaning material	1,775,163	1,665,107
Other Materials - Fuel	13,426,776	11,856,777
Other Materials - Stationery	4,454,320	3,995,987
Other Materials	52,390	50,124
Refuse Maintenance	20,817,551	20,801,136
Roads	24,360,402	23,896,915
Safety	1,244	40,807
Sewer	13,994,149	12,981,727
Streetlights	7,019,274	15,767,192
Water	11,034,555	28,952,639
Sub Total Repairs and Maintenance	**159,129,786**	**188,849,842**
Other Expenses		
Audit fees	4,916,749	4,930,152
Bank charges	2,605,325	2,649,336
Catering municipal activities	336,438	1,004,994
Conferences and seminars	7,221,373	8,664,914
Course fees/Skills development levy	5,998,900	5,781,794
Electricity	19,749,610	18,914,774
Indigent relief	1,679,212	-
Interns and learner ships	3,542,770	2,543,647
Insurance and claims	5,749,312	5,769,187
Membership fees	7,388,171	6,899,418
Postage	3,372,535	2,775,882
Printing and stationary	1,113,201	4,009,301
Software licences and Computer services	3,890,627	5,512,600
Sport/Transport events	995,451	1,374,498
Telephone expenditure	4,549,230	4,051,244
Uniforms and Protective clothing	4,374,366	4,054,390
Vehicle licences	1,209,542	1,102,951
Vehicle tracking	722,020	598,368
Water	115,995	-
Water resource management fee	2,334,600	2,042,250
Ward committee activities	3,962,637	3,631,180
Other General Expenses	4,045,937	7,480,604
Sub Total Other Expenses	**89,874,001**	**93,791,483**
Total General Expenses	**249,003,787**	**282,641,326**

The comparative figures for General Expenses have been restated to correct errors contained in the prior year Financial Statements. Refer to note 39 on Correction of Errors for details of the restatement. The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2018
	R

38. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during the current financial year under review.

39. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended before 30 June 2017.

Details of the appropriations are as follows:

Unappropriated Surplus Account:	
Corrections to Receivables from non exchange transactions	(4,472,194)
Corrections to Payables from exchange transactions	(23,462,422)
Corrections to Inventory	(1,662,507)
Corrections to Depreciation on Investment Property	82,551
Corrections to Depreciation on Property, Plant and Equipment	6,445,336
Corrections to Investment Property	479,033
Corrections to Property, Plant and Equipment	(39,137,436)
Increase / (Decrease) in Unappropriated Surplus Account	**(61,727,638)**
Increase / (Decrease) in Accumulated Surplus Account	**(61,727,638)**

39.1 Restatement of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality. Refer to note 39.8 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:	**2018 Revenue**	**2018 Correction**	**Restated Amount**
Property Rates	492,400,491	(91,750)	492,308,741
Government Grants and Subsidies Received	375,513,065	1,899,823	377,412,888
Service Charges	919,413,436	18,913,514	938,326,950
Other Income	24,518,060	377,187	24,895,246
	1,811,845,052	**21,098,773**	**1,832,943,825**

39.2 Restatement of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality. Refer to note 39.6 and 39.9 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:	**2018 Expenditure**	**2018 Correction**	**Restated Amount**
Depreciation and Amortisation	64,071,006	(839,744)	63,231,263
General Expenses	258,299,568	24,341,757	282,641,326
Impairment Losses	240,466,835	(4,641,382)	235,825,453
	1,263,501,059	**18,860,632**	**1,282,361,691**

39.3 Restatement of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:	**2018 Fin Position**	**2018 Correction**	**Restated Amount**
Accumulated Surplus	2,568,647,488	(59,489,497)	2,509,157,991
Payables from Exchange Transactions	168,055,164	1,954,721	170,009,884
Unspent Conditional Grants and Receipts	31,731,875	(1,899,823)	29,832,052
Vat Payable from Exchange Transactions	39,432,987	16,553,907	55,986,894
Property, Plant and Equipment	1,647,079,959	(49,019,919)	1,598,060,041
Intangible Assets	11,052,314	(1,844,989)	9,207,324
Investment Property	194,125,578	12,289,487	206,415,065
Inventory	36,166,686	4,258	36,170,944
Trade Receivables from Exchange Transactions	823,389,837	(1,219,851)	822,169,986
Trade Receivables from Non-Exchange Transactions	456,272,392	(3,089,678)	453,182,714
	1,566,741,804	**6,139,227**	**1,572,881,031**

39.4 Restatement of Non-current Liabilities:

No restatements for the financial year.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

39. CORRECTION OF ERROR (Continued)

39.5 Restatement of Current Liabilities:

Included in the prior year's restated amounts are corrections in respect of impairment of VAT and payables on exchange transactions as well as a correction on unspent grants.

The effect of the Correction of Error is as follows:	Vat Payable from Exchange Transactions	Payables from Exchange Transactions	Unspent Conditional Grants and Receipts
Balances as per AFS previously published for 2017/2018	39,432,987	**168,055,164**	**31,731,875**
Restatement of Current Liabilities	16,553,907	1,954,721	(1,899,823)
Balances as per current AFS published for 2017/2018	**55,986,894**	**170,009,884**	**29,832,052**

39.6 Restatement of Non-Current Assets

The prior year figures for Property, Plant and Equipment(PPE), intangiables and Investment properties had to be corrected as a result of a changes in the asset register. This correction was done retrospectively and impacted on PPE and the Surplus Account. This oversight has been rectified and the restated figure is reflected below.

The effect of the Correction of Error is as follows:	Intangiables	Property, Plant and Equipment	Investment Property
Balances as per AFS previously published for 2017/2018	**11,052,314**	**1,647,079,959**	194,125,578
Restatement of non-current assets	(1,844,989)	(49,019,919)	12,289,487
Balances as per current AFS published for 2017/2018	**9,207,324**	**1,598,060,041**	**206,415,065**

39.7 Restatement of Accumulated Depreciation:

The prior year figure for Depreciation had to be corrected as a result of splitting land and buildings.

The effect of the Correction of Error is as follows:	Accumulated Depreciation on PPE
Balances as per AFS previously published for 2017/2018	**671,777,994**
Restatement of Depreciation	(7,274,977)
Balances as per current AFS published for 2017/2018	**664,503,017**

39.8 Adjustment of Revenue:

Included in the restated prior year figures for Other Income (refer to Note 28) is various unknown deposits which has now been classified as revenue. Included in the restated prior year figures for Grants is a correction on DSAC.

The effect of the Correction of Error is as follows:	Government Grants and Subsidies	Other Income	Property Rates
Balances as per AFS previously published for 2017/2018	**375,513,065**	**24,518,060**	**492,400,491**
Adjustment of prior period revenue	1,899,823	377,187	(91,750)
Balances as per current AFS published for 2017/2018	**377,412,888**	**24,895,246**	**492,308,741**

39.9 Adjustment of Expenses:

The prior year figure for General expenditure, Impairment Losses and Depreciation were adjusted after corrections were identified. The relevant expenditure categorie and the Surplus Account were corrected. The restated figure is reflected below.

The effect of the Correction of Error is as follows:	General Expenses	Depreciation and Amortisation	Impairment Losses
Balances as per AFS previously published for 2017/2018	**258,299,568**	**64,071,006**	**240,466,835**
Adjustment of prior period expenses	24,341,757	(839,744)	(4,641,382)
Balances as per current AFS published for 2017/2018	**282,641,326**	**63,231,263**	**235,825,453**

39.10 Restatement of Current Assets

Included in the prior year's restated balance for Current Assets is a restated balance for Inventory as a result of a correction in Low cost housing and a classification correction on property rates debtors. The effect on Accumulated Surplus and on Current Assets is reflected below.

The effect of the Correction of Error is as follows:	Current Assets
Balances as per AFS previously published for 2017/2018	**1,484,123,970**
Adjustment for prior period error	(4,305,271)
Balances as per current AFS published for 2017/2018	**1,479,818,699**

SOL PLAATJE LOCAL MUNICIPALITY
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	2019	2018
40. CHANGE IN ACCOUNTING ESTIMATES	**R**	**R**

No changes were made to existing accounting estimates during the current financial year that could potentially have a material impact on the Annual Financial Statements.

41. CASH GENERATED BY OPERATIONS

	2019	2018
Surplus / (Deficit) for the Year	169,901,709	222,595,131
Adjustment for:		
Adjusting non cash flow items prior errors	-	(25,338,800)
Adjusting non cash flow items	(63,784)	3,008,796
Depreciation and Amortisation	62,275,784	60,705,797
Contribution to Impairment Provision	208,288,655	217,819,497
Bad Debts Written-off	(56,000,184)	(357,859,475)
Interest earned	(151,430,773)	(193,494,390)
Finance Costs	26,096,576	26,858,914
Operating surplus before working capital changes	**259,067,984**	**(45,704,531)**
(Increase)/Decrease in Inventories	(3,205,453)	(4,364,477)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(249,155,348)	5,124,995
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(76,374,528)	(73,370,839)
(Increase)/Decrease in VAT Receivable	9,993,535	(24,748,438)
Increase/(Decrease) in Consumer Deposits	2,576,026	6,158,685
Increase/(Decrease) in Creditors	67,924,555	36,892,554
Increase/(Decrease) in Conditional Grants and Receipts	(22,931,264)	17,482,343
(increase)/Decrease in Provisions and Employee Benefits	35,154,687	26,740,809
Increase/(Decrease) in VAT Payable	10,239,577	23,261,542
Cash generated by / (utilised in) Operations	**33,289,771**	**(32,527,358)**
Income for the year	**2,030,888,687**	**2,074,246,971**
Adjustment for:-		
Investment income	(151,430,773)	(193,494,390)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(249,155,348)	5,124,995
Bad Debts Written-off	(56,000,184)	(357,859,475)
Increase/(Decrease) in Consumer Deposits	2,576,026	6,158,685
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(76,374,528)	(73,370,839)
(Decrease)/increase in conditional grants and receipts	(22,931,264)	17,482,343
Cash receipts from ratepayers, government and other	**1,477,572,616**	**1,478,288,289**
Grants received	(389,363,355)	(377,412,888)
Sale of goods and services	**1,088,209,261**	**1,100,875,402**
Expenditure for the year	**1,860,986,978**	**1,851,651,840**
Adjustment for:-		
Depreciation	62,275,784	60,705,797
Contribution to bad debt provision	208,288,655	217,819,497
Adjusting non cash flow items prior errors	-	(25,338,800)
Adjusting non cash flow items	(63,784)	3,008,796
Interest paid	26,096,576	26,858,914
Operating expenditure before working capital changes:	**1,564,389,746**	**1,568,597,636**
(Increase)/Decrease in inventories	(3,205,453)	(4,364,477)
(Decrease)/Increase in creditors	67,924,555	36,892,554
(increase)/Decrease in Provisions and Employee Benefits	35,154,687	26,740,809
(decrease)/Increase in VAT	20,233,111	(1,486,896)
Cash paid to suppliers and employees	**1,444,282,845**	**1,510,815,648**
Employee Costs	688,565,281	647,309,202
Suppliers paid	**755,717,564**	**863,506,446**
Cash generated by/(utilized in) operations	**33,289,771**	**(32,527,358)**

42. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the financial year under review.

43. FINANCING FACILITIES

	2019	2018
Unsecured Bank Overdraft Facility payable at call:		
- Amount used	-	-
- Amount unused	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

44. LONG-TERM LIABILITIES

	2019 R	2018 R
Long-term Liabilities (See Note 18)	205,041,738	216,905,770

Long-term Liabilities have been utilised in accordance with section 46 of the Municipal Finance Management Act. See detail information in Appendix A.

45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

To management's best of knowledge the following Unauthorised Expenditure was incurred during the year under review.

	2019 R	2018 R	2017 R
Reconciliation of Unauthorised Expenditure:			
Opening balance	-	-	-
Unauthorised Expenditure current year	-	-	-
Approved by Council	-	-	-
Unauthorised Expenditure awaiting authorisation	-	-	-

45.2 Fruitless and Wasteful Expenditure

	2019 R	2018 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	-	1,392,707
Written off by Council	-	(1,392,707)
Fruitless and Wasteful Expenditure awaiting condonement	-	-

45.3 Irregular Expenditure

	2019 R	2018 R	2017 R
Reconciliation of Irregular Expenditure:			
Opening balance	15,874,989	-	13,448,957
Irregular Expenditure current year	40,778,964	14,761,323	2,795,094
Irregular Expenditure incurred in the prior year identified in the current year	-	1,113,666	-
Written off by Council or ratified by Accounting Officer	(3,416,502)	-	(16,244,051)
Irregular Expenditure awaiting condonement	**53,237,451**	**15,874,989**	**-**

Cases under investigation:

Incident	Amount	Causes
Non compliance with SCM regulations	53,237,451	Awards were made to suppliers in contravention of the Supply Chain Management Regulations Section 32 and MFMA circular 62.

The nature of the above irregular expenditure have been disclosed, the extent is still under investigation.

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 Contributions to organised local government - SALGA

	2019 R	2018 R
Opening Balance	-	-
Council Subscriptions	7,388,171	6,832,840
Amount Paid - current year	(7,388,171)	(6,832,840)
Balance Unpaid (included in Creditors)	**-**	**-**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

	2019 R	2018 R

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

46.2 Audit Fees

	2019 R	2018 R
Opening Balance	-	-
Current year Audit Fee	4,916,749	4,930,152
Amount Paid - current year	(4,916,749)	(4,930,152)
Balance Unpaid (included in Creditors)	**-**	**-**

46.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 8 and 17. All VAT returns have been submitted by the due date throughout the year.

46.4 PAYE and UIF

	2019 R	2018 R
Opening Balance	-	-
Current year Payroll Deductions	104,235,738	98,777,669
Amount Paid - current year	(104,235,738)	(98,777,669)
Balance Unpaid (included in Creditors)	**-**	**-**

46.5 Pension and Medical Aid Deductions

	2019 R	2018 R
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	157,974,220	148,368,274
Amount Paid - current year	(157,974,220)	(148,368,274)
Balance Unpaid (included in Creditors)	**-**	**-**

46.6 Councillors arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2019	**Total**	**Outstanding more than 90 days**
BADENHORST J & EL	79,015	79,015
FRANCIS GG & BP	11,156	11,156
KEME BJ	186	186
KIKA SN	140,795	140,795
MEINTJIES M	11,138	11,138
PHIRI KC	20,073	20,073
MABILO SP	218,817	218,817
PLAATJIE OB	13,376	13,376
Total Councillor Arrear Consumer Accounts	**494,556**	**494,556**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

30 June 2018	Total		Outstanding more than 90 days
YT NHLATHI	19,775		19,775
GDD TSHITE	35,647		35,647
NE MOSWEU	7,560		7,560
JM MATSHEDISHO	2,263		2,263
TA PETORO	18,261		18,261
J BACON	54,794		54,794
KC PHIRI	30,872		30,872
MM MOHAPI	33,606		33,606
BB MPANGISO	49,513		49,513
MB NCEZA	63,431		63,431
MK & KA MOKAE	23,679		23,679
MP THABANE	20,705		20,705
OJ SELAO	58,656		58,656
SN KIKA	129,435		129,435
M MEINTJIES	26,138		26,138
J GRIQUA	60,232		60,232
MV MATSIME	3,406		3,406
GP SHUSHU	42,788		42,788
VQ PIETERSE	37,504		37,504
M STEENKAMP	39,953		39,953
J & EL BADENHORST	75,036		75,036
GG & BP FRANCIS	18,962		18,962
G KRUGER	4,655		4,655
PD HAMMER	7,016		7,016
Total Councillor Arrear Consumer Accounts	**863,887**	**-**	**863,887**

46.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at the reporting date.

46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council. The Municipality has deviated from the procurement policy, the details of which were reported to council (refer to appendix F).

46.9 Material losses	**2019** **R**	**2018** **R**
In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding water losses as a result of various factors for example burst pipes and stand pipes not metered is 61.65%, 22 961 160kl (2018: 52.77%, 17 466 766 kl) is disclosed to the amount of:	58,422,743	42,408,522
In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding electricity losses as a result of various factors are 25.57%, 128 150 719 kWh (2018: 13%,64 085 640 kWh) is disclosed to the amount of:	117,523,957	54,722,704

46.10 Suppliers in service of the State

The municipality bought goods from the following companies, which are considered to be in service of the State.

Name Supplier	Related Person	Municipal Capacity	Purchases for the year	Purchases for the year
Kalafo Trading	GM Phalane	Office of the Premier	345,603	289,863
MCD Painters	J Niehaus	NC Dept Health (wife of manager)	-	189,789
Qongo TG Trading	Mother	Nursing Sister	36,072	1,387,870
Naledi Chemicals	D De Haast	Department of Education	10,736	148,331
ASAP 1179 Trd as Meago Services	S Paulse	Librarian	190,508	307,437
Moedi Consulting Engineers	C Abrams	Dr Kenneth Kaunda D Municipality	445,172	380,840
J&B Communication	A Abbott	Working at IT	752,709	220,845
JS Medical & Surgical Suppliers	H Williams	Kimberley Hospital	-	10,081
Moribe creations Co Ltd	M.A. Scheepers	Agriculture/ Home Affairs	-	5,000
Senzonhle Trading	JL Malaza	COGHSTA	-	7,200
SMEC South Africa	MN Phosa	Spouse is MEC in Mpumalanga	-	344,998
BEA Productions (PTY)LTD	EM Kock	SAPS Roodepan	26,595	204,375
LSOGA Projects PTY Ltd	V Mahigane	FS COGSTA	-	1,190,459
Team Bio	G Shaik	State Security Agent	-	6,000
Yebo Frozen Food	JW Barnes	SPLM Daughter	-	334,385
LNT Investments	M Thati	Dept of Justice Wife	-	441,000
Thembinkosi Trading	TM Pollo	Waterworks	-	1,587
NB Mechanical Sales	Librarian	Department of Sports and Arts Culture	2,482,768	15,064,349
S & R Enterprises	Librarian	Department of Sports and Arts Culture	1,287,477	10,794,698
Conlog Pty Ltd	N Moodly	Department of Health	399,349	-
BoinkoTrading and Enterprise	D Nkomo	Department of Health	766,966	-
Total Purchases			**6,743,956**	**31,329,107**

47. COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	**52,278,502**	**89,173,827**
Infrastructure	52,278,502	89,173,827

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

48. FINANCIAL INSTRUMENTS

48.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification	2019 R	2018 R
Trade receivables from exchange transactions			
Electricity	Amortised cost	147,177,066	136,598,197
Refuse	Amortised cost	70,360,070	58,833,049
Sewerage	Amortised cost	87,205,663	71,311,698
Water	Amortised cost	290,387,376	245,026,597
Miscellaneous	Amortised cost	355,395,948	297,563,724
Market	Amortised cost	549,732	581,756
Housing Debtors	Amortised cost	23,734,432	20,978,941
Trade receivables from non exchange transactions			
Assessment Rates	Amortised cost	418,146,124	376,881,137
Government Subsidy Claims	Amortised cost	55,777,206	62,249,774
Miscellaneous debtors	Amortised cost	1,816,693	2,263,959
Traffic Fines	Amortised cost	7,888,632	12,908,706
Bank, Cash and Cash Equivalents			
Bank	Amortised cost	45,300,502	41,245,881
Call Deposits	Amortised cost	1,750,664	34,950,000
Notice Deposits	Amortised cost	26,950,000	59,028,197
Cash Floats and Advances	Amortised cost	18,120	16,120
		1,532,458,228	**1,420,437,734**

SUMMARY OF FINANCIAL ASSETS

		2019 R	2018 R
Amortised cost			
Short-term Investment Deposits	Notice Deposits	26,950,000	59,028,197
Trade receivables from non-exchange transactions	Assessment Rates	418,146,124	376,881,137
Trade receivables from exchange transactions	Electricity	147,177,066	136,598,197
Trade receivables from exchange transactions	Refuse	70,360,070	58,833,049
Trade receivables from exchange transactions	Sewerage	87,205,663	71,311,698
Trade receivables from exchange transactions	Water	290,387,376	245,026,597
Trade receivables from exchange transactions	Miscellaneous	355,395,948	297,563,724
Trade receivables from exchange transactions	Market	549,732	581,756
Trade receivables from exchange transactions	Housing Debtors	23,734,432	20,978,941
Trade receivables from non-exchange transactions	Government Subsidy Claims	55,777,206	62,249,774
Trade receivables from non-exchange transactions	Miscellaneous debtors	1,816,693	2,263,959
Trade receivables from non-exchange transactions	Traffic Fines	7,888,632	12,908,706
Bank Balances and Cash	Cash Floats and Advances	45,318,622	41,262,001
Short-term Investment Deposits	Call Deposits	1,750,664	34,950,000
Total Financial Assets		**1,532,458,228**	**1,420,437,734**

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	Classification	2019 R	2018 R
Long-term Liabilities			
Annuity Loans	Amortised cost	191,762,501	201,174,211
Finance Lease Liabilities	Amortised cost	132,672	3,051,419
Consumer Deposits			
Electricity and Water	Amortised cost	34,916,719	32,340,693
Creditors			
Trade Creditors	Amortised cost	220,986,625	154,368,596
Other Creditors	Amortised cost	1,224,958	1,490,098
Payments received in Advance	Amortised cost	15,722,857	14,151,190
Staff Bonuses	Amortised cost	11,673,386	10,877,779
Accrued leave	Amortised cost	43,674,113	37,321,982
Unspent Conditional Grants and Receipts			
Conditional Grants from Government	Amortised cost	6,900,788	29,832,052
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	9,404,023	9,252,011
Finance Lease Liabilities	Amortised cost	3,742,543	3,428,129
		540,141,184	**497,288,160**

SUMMARY OF FINANCIAL LIABILITIES

		2019 R	2018 R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	191,762,501	201,174,211
Long-term Liabilities	Finance Leases	132,672	3,051,419
Consumer Deposits	Electricity and Water	34,916,719	32,340,693
Payables from exchange transactions	Trade Creditors	220,986,625	154,368,596
Payables from exchange transactions	Other Creditors	1,224,958	1,490,098
Unspent Conditional Grants and Receipts	Conditional Grants from Government	6,900,788	29,832,052
Current Portion of Long-term Liabilities	Annuity Loans	9,404,023	9,252,011
Current Portion of Long-term Liabilities	Finance Leases	3,742,543	3,428,129
Payables from exchange transactions	Payments received in Advance	15,722,857	14,151,190
Payables from exchange transactions	Staff Bonuses	11,673,386	10,877,779
Payables from exchange transactions	Accrued leave	43,674,113	37,321,982
Total Financial Liabilities		**540,141,184**	**497,288,160**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

48. FINANCIAL INSTRUMENTS (Continued)

48.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 6 and the Statement of Changes in Net Assets.

	2019	2018
Gearing Ratio	**R**	**R**
The gearing ratio at the year-end was as follows:		
Net Debt	540,141,184	497,288,160
Equity	2,679,059,700	2,509,157,991
Net debt to equity ratio	**20.16%**	**19.82%**

Debt is defined as Long term Liabilities, as detailed in the notes.
Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

48.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these financial statements.

48.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

48.5 Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6 below). No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.6.1 Foreign Currency Risk Management

The municipality has very limited exposure to the financial risks of foreign currency.

48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, trade receivables, cash and cash equivalents, and loan payables.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

48. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

SENSITIVITY ANALYSIS - INTEREST RATE

Effect of a change in interest rate on interest bearing financial assets and liabilities

			2019 R	2018 R
Financial Assets	**Classification**			
External investments:				
Call Deposits	Amortised cost		1,750,664	34,950,000
Notice Deposits	Amortised cost		26,950,000	59,028,197
			28,700,664	**93,978,197**
Interest received				
Interest Earned - External Investments			10,001,619	18,700,351
Interest rate			35%	20%
Effect of a change in interest rate on interest earned from external investments:				
Effect of change in interest rate	%		34%	19%
Effect of change in interest rate	Rand value		9,714,612	17,760,569
Effect of change in interest rate	%		36%	21%
Effect of change in interest rate	Rand value		10,288,625	19,640,133
Outstanding debtors:				
Trade receivables from exchange transactions		Amortised cost	974,810,287	830,893,961
Trade receivables from non-exchange transactions		Amortised cost	475,740,023	441,394,869
			1,450,550,309	**1,272,288,830**
Interest received				
Interest Earned - Outstanding Debtors			141,429,154	174,794,039
Interest rate			10%	14%
Effect of a change in interest rate on interest earned from outstanding debtors				
Effect of change in interest rate	%		9%	13%
Effect of change in interest rate	Rand value		126,923,651	162,071,150
Effect of change in interest rate	%		11%	15%
Effect of change in interest rate	Rand value		155,934,657	187,516,927
Financial Liabilities	**Classification**			
Long-term Liabilities				
Annuity Loans		Amortised cost	191,762,501	201,174,211
Annuity Loans - current portion		Amortised cost	9,404,023	9,252,011
Finance Lease Liabilities		Amortised cost	3,875,215	6,479,548
Finance Lease Liabilities - current portion		Amortised cost	3,742,543	3,428,129
			201,166,524	210,426,223
Interest paid				
Long-term Liabilities			26,250,436	27,213,051
Interest rate %			13%	13%
Effect of a change in interest rate on interest paid on long-term liabilities				
Effect of change in interest rate	%		12%	12%
Effect of change in interest rate	Rand value		24,238,770	25,108,788
Effect of change in interest rate	%		14%	14%
Effect of change in interest rate	Rand value		28,262,101	29,317,313

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

48. FINANCIAL INSTRUMENTS (Continued)

48.7 Effective Interest Rates and Repricing Analysis
In accordance with GRAP 104.116 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2019

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		**201,166,524**	**935,350**	**-**	**-**	**1,963,580**	**198,267,593**
Loan No 101452 : DBSA	10.91%	935,350	935,350				
Loan No 102855/1 : DBSA	12.61%	13,636,836					13,636,836
Loan No 102855/3 : DBSA	6.75%	1,963,580				1,963,580	
Loan No 103958/2 : DBSA	12.445%	184,630,757					184,630,757
Total Fixed Rate Instruments		**201,166,524**	**935,350**	**-**	**-**	**1,963,580**	**198,267,593**
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		28,700,664	1,750,664	26,950,000			
Bank Balances and Cash		18,120	18,120				
Total Variable Rate Instruments		**28,718,784**	**1,768,784**	**26,950,000**	**-**	**-**	**-**

30 June 2018

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		**210,426,223**	**-**	**-**	**2,663,765**	**-**	**207,762,457**
Loan No 101452 : DBSA	10.91%	2,663,765			2,663,765		
Loan No 102855/1 : DBSA	12.61%	14,352,346					14,352,346
Loan No 102855/3 : DBSA	6.75%	2,325,866					2,325,866
Loan No 103958/2 : DBSA	12.445%	191,084,245					191,084,245
Total Fixed Rate Instruments		**210,426,223**	**-**	**-**	**2,663,765**	**-**	**207,762,457**
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		93,978,197	34,950,000	59,028,197			
Bank Balances and Cash		16,120	16,120				
Total Variable Rate Instruments		**93,994,317**	**34,966,120**	**59,028,197**	**-**	**-**	**-**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

48.8 Other Price Risks
The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

48.9 Liquidity Risk Management
Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. Included in the note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables
The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2019

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		34,916,719					34,916,719
- Creditors		237,934,440	237,934,440				
- Unspent Conditional Grants		6,900,788		6,900,788			
Fixed Interest Rate Instruments							
Loan No 101452 : DBSA	10.91%	987,050	987,050				
Loan No 102855/1 : DBSA	12.61%	25,048,915	1,252,446	1,252,446	2,504,892	7,514,675	12,524,458
Loan No 102855/3 : DBSA	6.75%	2,567,124	256,712	256,712	513,425	1,540,275	
Loan No 103958/2 : DBSA	12.45%	360,350,568	15,014,607	15,014,607	30,029,214	90,087,642	210,204,498
Finance Lease Liabilities		4,366,341		4,199,043	167,298		
Total		**673,071,945**	**255,445,255**	**27,623,596**	**33,214,828**	**99,142,591**	**257,645,674**

30 June 2018

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		32,340,693					32,340,693
- Creditors		170,009,884	170,009,884				
- Unspent Conditional Grants		29,832,052		29,832,052			
Fixed Interest Rate Instruments							
Loan No 101452 : DBSA	10.91%	2,961,150	987,050	987,050	987,050		
Loan No 102855/1 : DBSA	12.61%	26,301,361	1,252,446	1,252,446	2,504,892	7,514,675	13,776,903
Loan No 102855/3 : DBSA	6.75%	3,080,549	256,712	256,712	513,425	1,540,275	513,425
Loan No 103958/2 : DBSA	12.45%	390,379,782	15,014,607	15,014,607	30,029,214	90,087,642	240,233,712
Finance Lease Liabilities		7,336,966		3,576,392	3,760,574		
Total		**662,242,437**	**187,520,699**	**50,919,259**	**37,795,154**	**99,142,591**	**286,864,733**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

48. FINANCIAL INSTRUMENTS (Continued)

48.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists.

Counterparty and Location	30 June 2019 Gross Amount R	30 June 2018 Gross Amount R
Department of Public Works	693,330,875	591,357,032
Kimberley Cold Storage PTY	42,516,380	37,086,745
GW Rugby Union	11,146,762	10,789,356
Northern Cape Provincial Leg		9,301,205
Northern Cape Department of Health	10,270,294	
De Beers Consolidated Mines	46,208,515	47,628,709

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality’s maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:	2019 R	2018 R
Fixed Deposit Investments	28,700,664	93,978,197
Trade Receivables from Exchange Transactions	974,810,287	830,893,961
Trade Receivables from Non-Exchange Transactions	483,628,655	454,303,575
Bank, Cash and Cash Equivalents	18,120	16,120
Maximum Credit and Interest Risk Exposure	**1,487,157,726**	**1,379,191,853**

48. FINANCIAL INSTRUMENTS (Continued)

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

The maximum credit and interest risk exposure in respect of the relevant customer classification is as follows:	2019 R	2018 R
Households	781,284,768	613,303,625
Industrial/commercial	154,767,993	192,538,677
National and provincial government	522,386,180	479,355,235
Maximum Consumer Risk Exposure	**1,458,438,942**	**1,285,197,537**

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Employees and Councillors belong to a variety of approved Pension and Provident Funds as described below.
These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

All Retirement Funds are defined contribution plans. All the funds are multi-employer plans.

The total expense recognised in the Statement of Financial Performance represents contributions paid to these plans by the municipality at rates specified in the rules of the plans. These following contributions have been expensed:	56,517,360	53,611,736

None of the below mentioned Funds are State Plans.

Municipal Councillors Pension Fund:
The actuarial valuator of the Pension Fund for councillors stated that the Fund has a funding level of 99.5% as at 30 June 2012 and is therefor technically not financially sound. They regard the deficit of R6.4m as relatively insignificant in the context of the Fund and there a possible reverse of SARS penalties of R10.3m that will result in the Fund being fully funded.

LA Retirement Fund/Cape Joint Pension Fund:
The statutory valuation performed as at 30 June 2018 revealed a funding level of 103.7% for the Pensioner Account and the Defined Contribution Section was 100% funded.

Consolidated Retirement Fund:
The valuator stated that Cape Retirement Fund is in a sound financial condition as at 30 June 2018.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 100%(30 June 2017: 100%) for the Preservation Pensions account and 128%(30 June 2015: 112.1%) for the Pension Account at 30 June 2018. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

SALA Pension Fund:
At the valuation date of 1 July 2015 the SALA pension fund was 100% (1 July 2014: 100%) funded. The valuator indicated that the decrease in the solvency reserve was a change to the methods used to calculate the liabilities. The Fund therefore remained financially sound since the previous valuation.

Municipal Employees Pension Fund:
At the valuation date of 28 February 2011 the Municipal Employees Pension Fund was 107.9% (29 February 2009: 102.2%) funded. The valuator stated that the fund was in a sound position as at 29 February 2011, having sufficient assets to cover its obligations.

National Fund for Municipal Workers:
At the valuation date of 30 June 2015 the National Fund for Municipal Workers the Valuator stated that the assets of the fund available for benefits are sufficient to cover 100.42% of the members' liabilities and the fund was hence financially sound.

Municipal Workers Union Retirement Fund:
The Fund was formerly the South African Municipal Workers Union National Provident Fund. At the valuation date of 30 June 2017 the Fund was 100% (30 June 2014: 111.7%) funded. The valuator stated that the fund is in a sound financial position.

SOL PLAATJE LOCAL MUNICIPALITY
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50. RELATED PARTY TRANSACTIONS

50.1 Interest of Related Parties
Councillors and/or management of the municipality have relationships with businesses.

50.2 Services rendered to Related Parties
The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

50.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

50.4 Compensation of Related Parties
Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

50.5 Related Parties relationships
The municipality's key officials declared the following relationships with the listed companies. It should be noted that no transactions were entered into between these related parties and the municipality.

Name Supplier	Related Person	Financial Disclosure Records
Akharwaray, G H	Municipal Manager	Shares - Kumba (Ordinary), Mittal (Ordinary), Ex Xaro (Ordinary); Directorships & Partnerships - GHA Properties, Gulshin Properties.
Mahloko, Zuziwe Lydia	Executive Director: Finance	Trust- Family trust (Zuziwe Family Trust); Directorship/Partnership- Griqualand Wes Rugby Union
Sebolecwe, Kooitse Ruth	ED: Corporate Services	Directorship & Partnerships - Clisa 22CC (Commercial)
Tyabashe-Kesiamang, Nomonde	Executive Director: Strategy, Economic Development & Planning Services	Shares - JM & N Trading (CC member), Nqobile Planners & Development Specialists T/a N12 (CC member), Woesa (Public); (Afri-Devo PTY)- Company belongs to Brother-In-Law.
Baise, Eugene Mervyn Colin	Manager: Assets & Risk Acting Executive Director: Finance	Directorships & Partnerships: Elama Warehousing; Theta Mining.
Samolapo, Lebelo Kenneth	Accountant – Water & Lights Acting ED: Revenue	Shares: Batsatsing Mining. Directorships & Partnerships: Batsatsing Mining.
Thabiso, Raseobi	City Engineer Roads And Storm water Acting ED Infrastructure	Baloena Ba Seubi Consulting- Director 50% Shares, Seubi Construction- Director 100% Shares, Oraboka Projects- Director 100% shares Directorship and partnerships.
Molepo, Noxolo P	Chief Internal Auditor	Directorships & Partnerships – Rebaummogo Bed & Breakfast
Badenhorst, Eleanor, Linzi	Councillor	Husband is Director of Afrikhaya Housing Development Agency.
Buda, Unondumiso, Hester	Councillor	Fumamo G.T. Close Corp
Fourie, Ockert Cornelius	Councillor	Shares - Roodeheuwel Sand (Bpk) Minerals.
Gomba Jozi, Themba	Councillor	100% Shares Phiwe Trading, Shares in Peja Trading;
Johnson, Elizabeth	Councillor	Directorships & Partnerships Santoma Inn (Tavern)
Kwagile, Pulane, Prudence	Councillor	Shares: Seed Of Life; Director/Partnership: Shepulma general cleaning
Lewis, Clifford Benedict	Councillor	Directorships & Partnerships: Taxi
Liebenberg, Reinette	Councillor	Directorships & Partnerships: Mein Heim Estate - Conference/Guest House
Ludick, Rosie Annie	Councillor	Directorships & Partnerships: Women in Pride; SAWIF; Seed of Life Investment
Moshweu, Michael Mpho	Councillor	Directorship & Partnership: Moshweu General trading CC Cleaning services *AdHoc -Kabothabo CC *Ad Hoc - Itereleng Corp- Nil Remunerated work- Mental health DOH-Board Member
Mpampi, Samson	Councillor	Mpampi Construction
Mocwagole, Lesedi, Lawrence	Councillor	Shares and Directorships- 50% SNM Mining, 100% LLM, 50% Mentorza Holding & Invest
Van Den Berg Hendrik Jacobus	Councillor	Directorships-Kimprint (PTY)LTD General Printers
Pearce Carol-Ann	Councillor	Directorship & Partnership- Women Liberation Trading (PTY)LTD.
Steyn ,Sharon Merle	Councillor	CEO- NOCCI

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

51. CONTINGENT LIABILITIES

	2019 R	2018 R
51.1 Guarantees:		
The municipality pledged the following amounts as guarantee for employees' housing bonds:	-	-
51.2 Court Proceedings:		
51.2.1 High Court matters	50,522,056	76,132,796
Various claims and litigation is in process.		
51.2.2 Litigation and claims in process	19,586,685	14,940,304
Various claims and litigation is in process.		
51.2.3 Labour matters (SALGBC)	630,000	693,000
Various cases involving Council.		
51.2.4 Magistrate court matters	662,837	162,457
Various cases involving Council.		
51.2.5 Supreme Court of appeal	5,746,364	-
Various cases involving Council.		
	77,147,941	**91,928,558**

All the above cases are being defended. The timing of any cash outflow is uncertain.

51.3 Other liabilities:

51.3.1 Various cases: The municipality has implemented task grading system as a system of remuneration for all employees. However, as at 30 June 2019, the implementation of task outcomes on employees revaluated were not finalised as yet. Management is certain that this will result in a cash outflow which is unknown at the time of submitting the financials.

51.3.2 Other cases: Various claims between employees and Council is in process.

52. CONTINGENT ASSETS

	2019	2018
The municipality were engaged varius cases, transactions or events during the year under review involving Contingent Assets. In this case an application was withdrew without tendering costs, which the attorney is currently pursuing.	21,776	-

53. IN-KIND DONATIONS AND ASSISTANCE

The municipality received no in-kind donations and assistance during the year under review.

54. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance against that budget, is set out in Note 60. Budget and actual figures are presented on a comparable basis (accrual basis of accounting).

55. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the 2018/19 financial year.

56. EVENTS AFTER THE REPORTING DATE

Subsequent to the submission of the annual financial statement and prior to the issuing of the audit report, damages to municipal properties in Richie was caused as a result of protest action. The extent of the damage is still being assessed. It is expected that the external insurance will cover the reparation costs. No adjusting subsequent events were identified.

57. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 39).

58. DISCONTINUED OPERATIONS

No operations have been discontinued.

59. STANDARDS AND INTERPRETATIONS APPROVED NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been approved, but are not yet effective:

GRAP 1 Presentation of Financial statements. (Amended)
GRAP 18 Segment Reporting.
GRAP 104 Financial instruments. (Amended)
GRAP 108 Statury receivables.
GRAP 109 Accounting by Principals and Agents.
iGRAP 1 Applying the propability test on inintial recognisition of Revenue. (Amended)
iGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
iGRAP 20: Accounting for Adjustments to Revenue
Guideline on Accounting for Landfill Sites (no effective date yet)
Guideline on the Application of Materiality to Financial Statements (no effective date yet)

GRAP 1, 18 and 110 and iGRAP 1 and 18 will effect from financial years beginning on or after 1 April 2020. GRAP 108, 109 and iGRAP18 are effective from 1 April 2019. Application of the other GRAP standards and guidelines above will be effective from a date to be announced by the Minister of Finance. This dates is not currently available.

Management has considered all the GRAP standards issued but not yet effective and in preliminary indications management anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION

60.1 Revenue and Expenditure

	2019 Actual R	2019 Original Budget R	2019 Adjustment R	2019 Final Budget R	2019 Variance Original vs Final Budget %	2019 Explanation of variances greater than 10% Original versus Final Budget	2019 Variance Actual vs Final Budget R	2019 Variance Actual vs Final Budget %	2019 Explanation of significant variances greater than 10% Actual versus Final Budget
REVENUE									
Property Rates	512,886,361	541,312,085	-	541,312,085	0%		(28,425,724)	-5%	
Service Charges	905,350,099	1,107,508,354	(92,200,000)	1,015,308,354	-8%	Decrease in electricity income.	(109,958,255)	-11%	Internal services used moved from General Expenditure.
Rental of Facilities and Equipment	11,092,199	11,257,000	-	11,257,000	0%		(164,801)	-1%	
Interest Earned - External Investments	10,001,619	20,000,000	(5,000,000)	15,000,000	-25%	Decrease in investments.	(4,998,381)	-33%	Decrease in investments.
Interest Earned - Outstanding Debtors	141,429,154	130,490,000	11,000,000	141,490,000	8%		(60,846)	0%	Due to increases in debtors.
Fines	36,982,279	25,735,000	-	25,735,000	0%		11,247,279	44%	Due to GRAP implementation.
Licenses and Permits	6,319,276	3,450,000	-	3,450,000	0%		2,869,276	83%	Due to increase in income.
Income for Agency Services	576,183	-	-	-	0%		576,183	0%	Agency services extended.
Government Grants and Subsidies	389,363,355	473,937,000	(85,647,090)	388,289,910	-18%	Due to capital projects being decreased.	1,073,445	0%	
Other Income	16,309,156	25,212,900	-	25,212,900	0%		(8,903,744)	-35%	Due to increase in income.
Gains on disposal of property, plant and equipment	579,006	-	10,000,000	10,000,000	0%	Adjusting income upwards.	(9,420,994)	0%	Due to income not realising.
Total Revenue	**2,030,888,687**	**2,338,902,339**	**(161,847,090)**	**2,177,055,249**	**-7%**	**Adjusting income downwards.**	**(146,166,562)**	**-7%**	**Internal services used moved from General Expenditure.**
EXPENDITURE									
Employee Related Costs	688,565,281	716,651,971	(18,000,000)	698,651,971	-3%	Adjusting expenditure downwards.	(10,086,690)	-1%	Due to saving on vacancies.
Remuneration of Councillors	28,387,557	29,335,309	350,000	29,685,309	1%		(1,297,752)	-4%	
Impairment Losses	205,848,140	227,000,000	(20,000,000)	207,000,000	-9%	Adjusting expenditure downwards.	(1,151,860)	-1%	
Depreciation	61,696,778	69,250,000	-	69,250,000	0%		(7,553,222)	-11%	Adjusting expenditure downwards.
Finance Costs	26,250,436	25,798,836	500,000	26,298,836	2%		(48,400)	0%	
Bulk Purchases	554,437,661	552,500,000	14,000,000	566,500,000	3%		(12,062,339)	-2%	
Contracted services	42,341,831	50,900,500	(7,190,000)	43,710,500	-14%	Adjusting expenditure downwards.	(1,368,669)	-3%	
Grants and Subsidies Paid	3,940,284	9,670,000	(2,700,000)	6,970,000	-28%	Adjusting expenditure downwards.	(3,029,716)	-43%	Adjusting expenditure downwards.
General Expenses - Other	249,003,787	365,749,399	(12,874,585)	352,874,814	-4%		(103,871,027)	-29%	Due to savings and Internal services moved to Income.
Losses on Inventory	361,363	-	-	-	0%		361,363	0%	Not budgeted.
Foreign Exchange Loss	153,859	-	-	-	0%		153,859	0%	Due to devaluating of the Rand.
Total Expenditure	**1,860,986,978**	**2,046,856,015**	**(45,914,585)**	**2,000,941,430**	**-2%**		**(139,954,452)**	**-7%**	**Due to the savings in general expenditure, employee costs and bulk purchases.**
NET SURPLUS FOR THE YEAR	**169,901,709**	**292,046,324**	**(115,932,505)**	**176,113,819**	**-40%**	**Adjusting expenditure downwards.**	**(6,212,110)**	**-4%**	**Due to the savings in expenditure .**

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Directorate	2019 Actual Additions R	2019 Work in Progress Additions R	2019 Total Additions R	2019 Original Budget R	2019 Adjustment R	2019 Final Budget R	2019 Variance Original vs Final Budget %	2019 Explanation of variances greater than 10% Original versus Final Budget	2019 Variance Actual vs Final Budget R	2019 Variance Actual vs Final Budget %	2019 Explanation of significant variances greater than 10% Actual versus Final Budget
Executive and Council	-	-	-	-	-	-			-	0%	
Municipal General	3,678,909	80,769,234	84,448,143	185,510,992	(95,160,000)	90,350,992	-51%	Budget reduced.	(5,902,849)	-7%	
Municipal Manager	-	-	-	-	-	-			-	0%	
Corporate Services	-	-	-	-	-	-			-	0%	
Community Services	-	-	-	-	-	-			-	0%	
Financial Services	-	-	-	-	-	-			-	0%	
Strategic and Economic Development	-	-	-	-	-	-			-	0%	
Infrastructure and Services	3,462,888	117,255,542	120,718,430	147,730,000	(6,968,000)	140,762,000	-5%	Budget reduced.	(20,043,570)	-14%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.
TOTAL	7,141,797	198,024,776	205,166,573	333,240,992	(102,128,000)	231,112,992	-31%	Budget reduced.	(25,946,419)	-11%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.3 Cash Flow

	2019 Actual R	2019 Original Budget R	2019 Adjustment R	2019 Final Budget R	2019 Variance Original vs Final Budget %	2019 Explanation of variances greater than 10% Original versus Final Budget	2019 Variance Actual vs Final Budget R	2019 Variance Actual vs Final Budget %	2019 Explanation of variances greater than 10% Actual versus Final Budget
CASH FLOWS FROM OPERATING ACTIVITIES									
Grants received	389,363,355	472,950,000	(84,661,000)	388,289,000	-22%	Income adjusted due to grants decreasing.	1,074,355	0%	
Sale of goods and services	1,088,209,261	1,452,172,000	(128,321,000)	1,323,851,000	-10%	Reducing income electricity.	(235,641,739)	-18%	Due to discounts and Internal usaged moved to Income.
Employee Costs	(688,565,281)	(688,565,281)	(10,086,719)	(698,652,000)	1%		10,086,719	-1%	
Supplier payments	(755,717,564)	(981,844,719)	(58,701,719)	(923,143,000)	6%		167,425,436	-18%	Due to discounts and Internal usaged moved to Income.
Cash generated from / (utilised in) Operations	**33,289,771**	**254,712,000**	**(144,193,562)**	**90,345,000**					
Interest received	151,430,773	53,623,000	102,867,000	156,490,000	66%	Changed to actual.	(5,059,227)	-3%	
Interest paid	(26,250,436)	(25,799,000)	(500,000)	(26,299,000)	2%		48,564	0%	
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	**158,470,108**	**282,536,000**	**(41,826,562)**	**220,536,000**					
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant and Equipment	(205,166,573)	(329,620,000)	101,306,000	(228,314,000)	-44%	Decreased due to reduction in projects.	23,147,427	-10%	Projects not completed before year end.
Purchase of Investment Property	(2,660,415)	(2,800,000)		(2,800,000)			139,585	0%	
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	**(207,826,988)**	**(332,420,000)**	**101,306,000**	**(231,114,000)**					
CASH FLOWS FROM FINANCING ACTIVITIES									
New Finance leases/Finance lease payments	(2,604,333)	-	-	-	0%				
Loans repaid	(9,259,699)	(9,399,000)	-	(9,399,000)	0%		139,301	-1%	
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**(11,864,032)**	**(9,399,000)**	**-**	**(9,399,000)**					
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(61,220,912)**	**(59,283,000)**	**39,306,000**	**(19,977,000)**					
Cash and Cash Equivalents at the beginning of the year	135,240,198	243,689,000	(108,449,000)	135,240,000					
Cash and Cash Equivalents at the end of the year	74,019,286	184,406,000	(69,143,000)	115,263,000					

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

60 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

60.4 Statement of Financial Position

	2019 Actual R	2019 Original Budget R	2019 Adjustment R	2019 Final Budget R	2019 Variance Original vs Final Budget %	2019 Explanation of variances greater than 10% Original versus Final Budget	2019 Variance Actual vs Final Budget R	2019 Variance Actual vs Final Budget %	2019 Explanation of variances greater than 10% Actual versus Final Budget
ASSETS									
Current Assets	**1,558,311,814**	**1,453,945,318**	**(108,115,252)**	**1,345,830,066**					
Inventory	39,015,034	35,209,066	-	35,209,066	0%		3,805,968	11%	increase in inventory.
Trade Receivables from Exchange Transactions	944,327,502	729,631,252	160,230,896	889,862,148	18%	From Non-Exchange Transactions.	54,465,354	6%	Increase in debtors.
Trade Receivables from Non-Exchange Transactions	477,888,669	496,628,148	(200,026,148)	296,602,000	-67%	To Exchange Transactions.	181,286,669	61%	Increase in debtors.
Cash and Cash Equivalents	74,019,286	183,584,000	(68,320,000)	115,264,000	-59%	Decrease in investments.	(41,244,714)	-36%	Decrease in investments.
Vat Receivable from Exchange Transactions	23,061,323	8,892,852	-	8,892,852	0%		14,168,471	159%	Decrease in income vs increase in capital spending.
Non-Current Assets	**2,003,899,115**	**2,081,814,790**	**(7,817,000)**	**2,073,997,790**					
Property, Plant and Equipment	1,741,180,616	1,870,185,603	-	1,870,185,603	0%		(129,004,987)	-7%	
Heritage Assets	12,070,884	7,863,705	-	7,863,705	0%		4,207,179	54%	Spending on roll over grants project.
Intangible Assets	5,566,214	3,960,585	-	3,960,585	0%		1,605,629	41%	Curbed spending.
Investment Property	208,858,631	191,987,897	-	191,987,897	0%		16,870,734	9%	
Trade Receivables from Exchange Transactions	30,482,785		-	-	0%		30,482,785	0%	Included under budget in current assets.
Trade Receivables from Non-Exchange Transactions	5,739,985		-	-	0%		5,739,985	0%	Included under budget in current assets.
Long-term Receivables	-	7,817,000	(7,817,000)	-	0%		-	0%	
Total Assets	**3,562,210,930**	**3,535,760,108**	**(115,932,252)**	**3,419,827,856**					
LIABILITIES									
Current Liabilities	**427,029,641**	**273,621,988**	**52,046,056**	**325,668,044**					
Consumer Deposits	34,916,719	31,392,227	-	31,392,227	0%		3,524,492	11%	Increase in in deposits.
Employee Benefits	67,904,658	11,658,000	52,046,056	63,704,056	82%	Move from employee Benefits Liablities.	4,200,602	7%	
Payables from Exchange Transactions	237,934,440	177,811,175	-	177,811,175	0%		60,123,265	34%	Increase in creditors on year end.
Unspent Conditional Grants and Receipts	6,900,788	-	-	-	0%		6,900,788	0%	Grants not spend at year end.
Vat Payable from Exchange Transactions	66,226,471	43,361,092	-	43,361,092	0%		22,865,379	53%	Due to impairment of VAT on debtors.
Current Portion of Long-term Liabilities	13,146,566	9,399,494	-	9,399,494	0%		3,747,072	40%	Increase in arrangements.
Non-Current Liabilities	**456,121,589**	**479,925,120**	**(52,046,056)**	**427,879,064**					
Long-term Liabilities	191,895,172	182,534,120	-	182,534,120	0%		9,361,052	5%	
Employee Benefit Liabilities	263,749,873	297,391,000	(52,046,056)	245,344,944	-21%	Move to employee Benefits.	18,404,929	8%	
Non-current Provisions	476,543		-	-	0%		476,543	0%	
Total Liabilities	**883,151,229**	**753,547,108**	**-**	**753,547,108**					
Total Assets and Liabilities	**2,679,059,700**	**2,782,213,000**	**(115,932,252)**	**2,666,280,748**					
NET ASSETS	**2,679,059,700**	**2,782,213,000**	**(115,932,252)**	**2,666,280,748**					
Accumulated Surplus	2,679,059,700	2,782,213,000	(115,932,252)	2,666,280,748	-4%	Decrease in Income.	12,778,952	0%	Decrease in general spending.
Total Net Assets	**2,679,059,700**	**2,782,213,000**	**(115,932,252)**	**2,666,280,748**					

APPENDIX A (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Loan Number	Redeemable Date	Opening Balance	Received during the period	Redeemed written off during the period	Closing Balance	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG TERM LIABILITIES								
ANNUITY LOANS							209,512,047	
DBSA Loan @ 10.91%	101452	31-12-2019	2,663,765		1,728,415	935,350		
DBSA Loan @ 12.61%	102855/1	31-12-2028	14,352,346		715,510	13,636,836		
DBSA Loan @ 6.75%	102855/3	31-12-2023	2,325,866		362,286	1,963,580		
DBSA Loan @ 12.445%	103958/2	30-06-2031	191,084,245		6,453,488	184,630,757		
Sub total DBSA			**210,426,223**	**-**	**9,259,699**	**201,166,524**		
Total Annuity loans			**210,426,223**	**-**	**9,259,699**	**201,166,524**	**209,512,047**	**-**
TOTAL EXTERNAL LOANS			**210,426,223**	**-**	**9,259,699**	**201,166,524**	**209,512,047**	**-**

APPENDIX B (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2019

	Cost/Revaluation								Accumulated Depreciation and Impairment				Carrying Value
	Opening Balance	Additions	Work in Progress Additions	Disposals/ Impairment	Work in Progress (WIP) Opening Balance	Commissioned	Closing Balance	Closing Balance	Opening Balance	Additions	Disposals/ Impairment	Closing Balance	
Infrastructure													
Electricity and Street Lights	351,837,072	41,319	43,388,568		19,371,503	7,722,841	55,037,230	395,266,959	118,590,208	7,557,221		126,147,429	269,119,530
Roads and Pavements	468,832,537		70,258,616		134,001,983	42,355,077	161,905,522	539,091,153	131,660,908	10,960,926		142,621,834	396,469,319
Sewerage	450,784,526	1,910,740	36,886,357	(4,429)	11,231,218		48,117,575	489,577,194	80,883,255	12,167,161	(4,429)	93,045,987	396,531,208
Stormwater	106,295,970				31,404,243	14,988,209	16,416,033	106,295,970	38,225,984	1,342,546		39,568,530	66,727,439
Landfill Site	474,788							474,788		5,178		5,178	469,610
Landfill Site Improvements	22,936,819							22,936,819	800,065.36	800,066		1,600,131	21,336,688
Water	380,673,466	1,510,829	36,980,617	(2,125)	104,452,809	31,646,853	109,786,573	419,162,787	127,433,664	6,586,838	(2,125)	134,018,377	285,144,411
	1,781,835,178	**3,462,888**	**187,514,158**	**(6,553)**	**300,461,756**	**96,712,980**	**391,262,934**	**1,972,805,671**	**497,594,083**	**39,419,936**	**(6,553)**	**537,007,465**	**1,435,798,206**
Community Assets													
Owned Buildings	236,291,971		6,303,439		9,644,031		15,947,470	242,595,410	65,682,834	8,521,833		74,204,667	168,390,743
Land	93,420,423						-	93,420,423				-	93,420,423
	329,712,394	**-**	**6,303,439**	**-**	**9,644,031**	**-**	**15,947,470**	**336,015,833**	**65,682,834**	**8,521,833**	**-**	**74,204,666.84**	**261,811,166**
Heritage Assets													
Heritage Assets	7,863,705		4,207,179		1,846,350		6,053,530	12,070,884				-	12,070,884
	7,863,705	**-**	**4,207,179**	**-**	**1,846,350**	**-**	**6,053,530**	**12,070,884**	**-**	**-**	**-**	**-**	**12,070,884**
Other Assets													
Computer Equipment	15,576,108	2,606,034						18,182,142	10,830,744	1,595,667		12,426,412	5,755,731
Furniture and Equipment	21,642,009	478,163						22,120,172	17,511,329	1,011,609		18,522,938	3,597,233
Other Machinery and Equipment	13,375,386	594,712						13,970,098	10,038,299	803,437		10,841,737	3,128,361
Motor Vehicles	100,421,982			(16,834)				100,405,148	62,845,727	6,486,336	(16,834)	69,315,229	31,089,919
	151,015,485	**3,678,909**	**-**	**(16,834)**	**-**	**-**	**-**	**154,677,559**	**101,226,100**	**9,897,050**	**(16,834)**	**111,106,316**	**43,571,244**
Total	**2,270,426,762**	**7,141,797**	**198,024,776**	**(23,388)**	**311,952,138**	**96,712,980**	**413,263,933**	**2,475,569,948**	**664,503,017**	**57,838,819**	**(23,388)**	**722,318,448**	**1,753,251,500**

APPENDIX C (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2019

Directorate	Cost								Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Work in Progress Additions	Disposals	Work in Progress (WIP)			Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
					Opening Balance	Commissioned	Closing Balance						
Executive and Council	3,639,615							3,639,615	985,751	85,662		1,071,413	2,568,202
Municipal General	3,383,920	3,678,909	80,769,234		9,644,031		90,413,265	87,832,063	1,698,049	147,560		1,845,609	85,986,453
Municipal Manager	2,126,748							2,126,748	750,616	65,228		815,844	1,310,904
Corporate Services	37,346,562							37,346,562	9,163,411	796,299		9,959,710	27,386,852
Community Services	344,949,327							344,949,327	74,404,354	6,465,726		80,870,080	264,079,247
Financial Services	18,264,445							18,264,445	7,073,302	614,669		7,687,971	10,576,474
Strategic and Economic Development	38,204,555							38,204,555	11,502,988	999,608		12,502,596	25,701,959
Infrastructure and Services	1,822,511,590	3,462,888	117,255,542	(23,388)	302,308,107	96,712,980	322,850,669	1,943,206,633	558,924,546	48,664,066	(23,388)	607,565,225	1,335,641,408
TOTAL	**2,270,426,762**	**7,141,797**	**198,024,776**	**(23,388)**	**311,952,138**	**96,712,980**	**413,263,934**	**2,475,569,948**	**664,503,017**	**57,838,819**	**(23,388)**	**722,318,448**	**1,753,251,500**

APPENDIX D (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	2019 Original Budget R	2019 Adjustment R	2019 Final Budget R	2019 Variance Original vs Final Budget %	2019 Explanation of variances greater than 10% Original versus Final Budget	2019 Actual Income & Expenditure R	2019 Variance Actual vs Final Budget R	2019 Variance Actual vs Final Budget %	2019 Explanation of significant variances greater than 10% Actual versus Final Budget
Income per directorate									
Executive and Council			–						
Municipal General	554,304,413	-81,520,193	472,784,220	-15%	Decrease in grants and income received.	463,787,702	(8,996,518)	-2%	
Municipal Manager	2,267,587	(2,267,587)	0	-100%	Reduce income	-	-	0%	
Corporate Services	7,564,000	3,140,690	10,704,690	42%	Increase in Income	6,006,953	(4,697,737)	-44%	Internal Income reversed as per GRAP.
Community Services	93,894,018	12,800,000	106,694,018	14%	Increase in Income	96,991,784	(9,702,234)	-9%	Income fines increased.
Financial Services	556,928,085	-	556,928,085	0%		533,869,555	(23,058,530)	-4%	
Strategic and Economic Development	8,895,000	-	8,895,000	0%		5,309,214	(3,585,786)	-40%	Income Market and building plans not realising
Infrastructure and Services	1,115,049,236	(94,000,000)	1,021,049,236	-8%	Reduce income	924,923,479	(96,125,757)	-9%	Internal services used moved from General Expenditure.
Total	**2,338,902,339**	**(161,847,090)**	**2,177,055,249**	**-7%**		**2,030,888,687**	**(146,166,562)**	**-7%**	
Expenditure per directorate									
Executive and Council	46,354,818	(297,800)	46,057,018	-1%		46,045,181	(11,837)	0%	
Municipal General	334,931,360	(15,542,084)	319,389,276	-5%		277,591,998	(41,797,278)	-13%	As a result of actuarial valuation.
Municipal Manager	22,080,420	(336,000)	21,744,420	-2%		16,144,267	(5,600,153)	-26%	Saving on vacancies not filled.
Corporate Services	68,256,075	2,324,690	70,580,765	3%		62,302,029	(8,278,736)	-12%	Saving on vacancies not filled.
Community Services	268,698,713	(3,329,800)	265,368,913	-1%		244,132,344	(21,236,569)	-8%	Saving on vacancies not filled.
Financial Services	134,468,747	(3,193,400)	131,275,347	-2%		115,007,349	(16,267,998)	-12%	Saving on vacancies not filled.
Strategic and Economic Development	57,336,603	(442,475)	56,894,128	-1%		54,586,987	(2,307,141)	-4%	
Infrastructure and Services	1,114,729,279	-25,097,716	1,089,631,563	-2%		1,045,176,824	(44,454,739)	-4%	Internal services and discounts moved from Expenditure.
Total	**2,046,856,015**	**(45,914,585)**	**2,000,941,430**	**-2%**		**1,860,986,978**	**(139,954,452)**	**-7%**	**Due to cost containment.**
Surplus/(Deficit)	**292,046,324**	**(115,932,505)**	**176,113,819**	**-40%**	**Decrease in grants and income.**	**169,901,709**	**(6,212,110)**	**-4%**	**Due to the savings in expenditure .**

APPENDIX E (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Grants and Subsidies received for the year ended 30 June 2019

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Library Services	Provincial	7,800,000	7,800,000	-	8,813,000	None	Yes	None
Primary Health	Provincial	-	-	-	-	No payment received. Debtor outstanding is R5 395 666.	Yes	None
EPWP	Provincial	3,137,000	3,137,000	-	3,173,700	None	Yes	None
Miscellaneous	Provincial	-	466,658	-	-	None	Yes	None
Equitable Share	National	172,437,000	N/A	-	171,424,000	None	Yes	None
WSIG	National	31,850,113	29,218,497	-	17,000,000	None	Yes	None
Financial Management Grant	National	1,700,000	1,700,000	-	1,700,000	None	Yes	None
MIG	National	54,619,103	52,241,777	-	48,816,000	None	Yes	None
INEP	National	29,997,000	29,997,000	-	29,997,000	None	Yes	None
EEDSM	National	7,000,000	7,000,000	-	7,000,000	None	Yes	None
ISDG (Skills)	National	3,800,000	5,048,846	-	3,800,000	None	Yes	None
Frances Baard Municipality	Municipality	1,520,248	1,520,248	-	N/A	None.	N/A	None
Coghsta	Provincial	-	-	-	-	None. Debtor outstanding is R31 516 233.	Yes	None
DSAC	Provincial	6,083,487	6,083,487	-	-	None	Yes	None
GURP	Provincial	-	-	-	-	None. Debtor outstanding is R11 382 594.	Yes	None
RBIG	National	14,712,842	14,712,842	-	14,712,842	Debtor outstanding is R7 482 712.	Yes	None
NDPG	National	58,000,000	58,000,000	-	58,000,000	None	Yes	None
Total		**392,656,794**	**216,926,355**	**0**	**364,436,542**			

National and Provincial grants are spent in accordance with business plans approved by the various Government Departments.
The EPWP grant is a job creating grant to alleviate poverty and unemployment approved by National Government.

APPENDIX F (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY
FOR THE YEAR ENDED 30 JUNE 2019

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
1/2018/19	GCP Construction	Emergency Excavation to divert sewer spillage in Parakiet Street Roodepan	86,480	HF Harding	An Emergency
2//2018/19	Cherry Green Media (Pty)Ltd	Public Relations and Media Campaign (all media) to disseminate the correct budget information and ancillary matters specifically around electricity tariffs	199,891	Adv.A. Klopper	Exceptional case
3/2018/19	The Print Zone	Development and printing of various pamphlets for the mass media campaign on correct interpretation and implementation of electricity tariffs for 2018/19	241,500	Adv.A. Klopper	Exceptional case
04/2018/19	Elecpert (PTY)LTD	The service is required to assist with the technical evaluation of bids for prepaid vending system	262,200	Adv.A. Klopper,J Modutle	Exceptional case
05/2018/19	Matigen (PTY)LTD	Cleaning of 45MI reservoir ATG Newton with hira and SHE Plan. Labour and Equipment	387,934	S Mkhize	An Emergency
06/2018/19	DataTegra	Purchase of large volume printer	258,482	Adv.A. Klopper	Exceptional case
07/2018/19	DTM Software Partners (Pty)Ltd	Licence for 4 users of DTM suites and team licence for org chart	180,290	M van Zyl	Sole Supplier
08/2018/19	C-Pac Pumps and valves	Emergency repairs work to be carried out at Sunset Manor,Caemelia Street, Eagle Street and Midlands Sewer Pump Stations	1,097,689	S Mkhize	An Emergency
09/2018/19	Sulzer Pumps	Replace thrust bearing on standby pump (Riverton Purification)	621,383	MP Arthur	Sole Supplier
10/2018/19	Hardcore Security Investigation Services	Patrol during protest:12-31 July 2018	189,497	JB Anthony	An Emergency
11/2018/19	C-Pac Pumps and valves	Purchase of cascade clamps	136,243	D Leeuw	Exceptional case
12/2018/19	Mediclinic	Admittance of employee for injury on duty at casualty unit of Mediclinic. Specializes surgery and follow up treatment for open wound of thigh	160,280	WL Wiese	An Emergency
13/2018/19	Bouvest 2333cc T/A National Auto Glass	Replace window panes damaged by riots in Kimberley (Civic Centre)	111,215	N Modiba	An Emergency
14/2018/19	Kapa Bokone Investments	Cleaning out of midblock sewer line in Hutse Segolodi, Baba Gopane,Jerry Mahloba and Malebe Streets	460,000	S Mkhize	An Emergency
15/2018/19	Hardcore Security Investigation Services	Guarding services 1-31 August 2018	287,776	JB Anthony	An Emergency
16/2018/19	Gordon Truck & Auto Spares	Parts for refuse tipper truck (D803)	46,633	MP Arthur	Exceptional case
17/2018/19	Gordon Truck & Auto Spares	Parts for refuse compactor (D622)	72,597	MP Arthur	Exceptional case
18/2018/19	Specialised Municipal Equipment	Parts for Jet Vac Truck	148,720	MP Arthur	Sole Supplier
19/2018/19	Specialised Municipal Equipment	Purchase of high pressure pump 250L per minute @ 120 bar combo unit	152,352	MP Arthur	Sole Supplier
20/2018/19	Gordons Truck & Spares	Parts required for refuse compactor (D127)	87,469	MP Arthur	Exceptional case
21/2018/19	Kapa Koni Investments	Unblocking of +- 5KM of outfall sewer and replacing collapsed pipe(220mm-id) with PVC near Mabele,Baba Gopane,Hutshe Segolodi,Jerrry Mahloma streets - Galeshewe	460,000	S Mkhize	An Emergency
22/2018/19	Hard Core Security Investment Services	Guarding services at prioritised sites of SPM as well as residential address of MM,CFO,Executive Mayor	193,476	JB Anthony	An Emergency
23/2018.19	ACDC Kimberley	Supply and delivery of traffic signal equipment	373,640	N Sinombe	Exceptional case
24/2018/19	Bio grease Trap	Making point repairs on sewage main collectors in Beethoven Street in Roodepan and Nobengula Street Galeshewe	300,000	M Selesho	Exceptional case
25/2018/19	Rand Water	Full Analysis Domestic Supply SANS0241	75,503	M Bogacwi	Sole Provider
26/2018/19	C-Pac Pumps and Valves	Emergency repairs work to be carried out at Sunset Manor, Carmelia Street, Eagle Street and Midlands Sewer Pump Stations	231,402	S Mkhize	Exceptional case
27/2018/19	Sulzer Pumps	Supply coupling and machining done on sulzer pump at Riverton Purification	107,917	CB Marsh	Sole Provider
28/2018/19	Gordons Truck & Spares	Parts required for refuse compactor (D925)	69,000	CB Marsh	Exceptional case
29/2018/19	AAD Drivetrain Systems	Repair transmission of refuse compactor D501	117,280	CB Marsh	Exceptional case
30/2018/19	C-Pac Pumps and Valves	Refurbishment of dosing pumpstation at Rekaofella resort (Supply ABD Install new Grundfos DosingFG Pump)	198,000	CB Marsh	Exceptional case
31/2018/19	Gordons Truck & Auto Spares	Parts as per quotation	178,000	MP Arthur	Exceptional case
32/2018/19	CRG TRADING & PROJECTS	Re-routing of the Parakiet Midblock sewer line to Seeduif Street	2,455,024	MW Du Plessis	Sole Provider
33/2018/19	ROSSBURG INDUSTRIAL ENTERPRISES	Xerox C7025 Digital Mono/Colour Copier	49,449	R Janse Van Vuuren	Exceptional case
34/2018/19	C-Pac Pumps and Valves	Supply and install 2 Howden Roots air blowers as well as 2 new reflux valves, Repairs on soft starters(APQ)	870,366	S Mkhize	Sole Provider
35/2018/19	BIO GREASE TAP CLEANING SERVICES	Hydrojetting of sewers in Stock and Stock in Babagopane	108,775	H Harding	Exceptional case
36/2018/19	MATIGEN (PTY) LTD	Hiring of 32 KVA Generator for Ikageng pump station Ritchie	481,500	G Corns	Exceptional case
37/2018/19	SANITECH	Hire of chemical toilets	568,334	Z Adikary	Exceptional case
38/2018/19	MUBESKO AFRICA	Forensic services (Investigation)	381,103	JB Anthony	Exceptional case
39/2018/19	Novus3	Annual licence activation fee CEF tool (CP3)	1,272,475	N Modiba	Exceptional case
40/2018/19	Gordon Truck & Auto Spares	Parts urgently needed for refuse compactor D127	42,205	M Arthur	Exceptional case
41/2018/19	Gordon Truck & Auto Spares	Parts urgently needed for refuse compactor D224	79,000	M Arthur	Exceptional case
42/2018/19	Letselebe Transport and Trading	Unblocking of various blockages of internal sewer in Homevale Extension and Bloemanda Location in Galeshewe	495,000	S Mkhize	An Emergency
43/2018/19	Skyject Marketing	Collation,Editing,Proof-reading and Layout of annual Report 2017/18	859,666	C Crouch	An Emergency
44/2018/2019	JMS Johannesburg Mining Supplies	Repair faults on Lukas Rescue equipment	112,547	R Janse van Vuuren	An Emergency
45/2018/19	Avantu Sustainable Solutions	Breakdown of the contract to remedy Homevale sewage spill and water treatment works	2,265,310	S Mkhize	Exceptional case
46/2018/19	Lexis Nexis	Road Traffic/Transport Act 93/1996 Annual Subscription 2018/19	39,973	CFM Langford	Sole Provider
47/2018/19	Gray's Constructors	Taxi/Bus shelters and Lay-bys in Galeshewe	5,420,308	Z Mguza	Exceptional case
48/2018/19	Nandina Trading 551cc T/A TRS	Hire of 110 ton Crane Truck	126,500	F Aysen	An Emergency
49/2018/19	Saamsokol Fruit & Veg Supermarket	Supply and delivery of groceries by Mayors office for poor families	144,704	GE Arends	Exceptional case
50/2018/19	Nandina Trading 551cc T/A TRS	Service provider to disassemble and remove faulty 66KV transformer, replace with spare transformer, reassemble, replace oil and respray	181,332	F Aysen	An Emergency
51/2018/19	Itec	Refurbished DI950 folding & Inserting Machine	330,625	B Booth	Exceptional case
52/2018/19	Oranje Toyota	Parts needed for repairs	90,874	MP Arthur	Sole Provider
53/2018/19	Gordons Truck & Auto Spares R	Brake drums & brake shoes on refuse compactor	120,060	MP Arthur	Exceptional case
54/2018/19	Super Armature Winding	Repairs on low lift Pump 6	61,716	S Mkhize	Exceptional case
55/2018/19	Sanitech Toilet Hire	Supply and delivery of sanitation facilities (chemical toilets)	911,543	ME Selesho	Exceptional case
56/2018/19	Kapa Koni Investment	Unblocking of about 1km of main outfall sewer around old Legislature and several site in and around Galeshewe precinct	887,500	S Mkhize	An Emergency
57/2018/19	University of Fort Hare	Enrolment of 16 Councillors with the University of Fort hare for the National Diploma in LGL and administration	694,227	M van Zyl	Sole Provider
58/2018/19	Data Centrix	Required for Gis Project commencing in 2 weeks. 7 day bid resulted in bidders not able to meet all SCM requirements perfectly. Not enough time to readvertise	181,236	WL Gouws	Exceptional case
59/2018/19	National Brake Testing Services	Supply, Delivery, Installation and Commissioning of Vehicle Testing System (VTS) for the vehicle testing station at Sol Plaatje Municipality	1,054,364	DT Moeti	An Emergency
60/2018/19	First Technology	10GB Network Infra Structure	191,552	K Ponton	Exceptional case
61/2018/19	Lacoste Entertainment	procurement of AV and Audio services sound and projectors	117,700	GE Arends	Exceptional case
62/2018/19	Nandina Trading 551cc/TRS	Upgrade of existing 11KV LMR Panels switchgear by installing new additional ABB Unigear Switchgear in Caters Glen Substation	225,841	N Zwane	Sole Provider
63/2018/19	DTM Software Partners (PTY)LTD	Annual Licence fee for DTM Suite and org chart programme July 2019-June 2020	176,760	M van Zyl	Sole Provider
64/2018/19	Esri South Africa	Diploma modules levels 1 & 2 for 2x delegates	97,060	M van Zyl	Sole Provider
65/2018/19	Rosstech	Purchase of a Photostat Machine	67,081	R Barends	Exceptional case
66/2018/19	Inspired Training (PTY)LTD	Wadiso and Sewsan training related for graduates	226,180	M van Zyl	Sole Provider
67/2018/19	Pro Guard Security Solution	Temporary Security Service at the fire station, 21 Lyndhurst Road	56,580	R Janse van Vuuren	An Emergency
68/2018/19	GLS Consulting (PTY) Ltd	Wadiso and Sewsan training related to the software that the Municipality has for water and sewer	48,760	M van Zyl	Sole Provider
69/2018/19	OptoAfrica	Repair of the weighbridge at the landfill Site	170,633	KD Williams	Sole Provider
70/2018/19	Black Diamond	Audio and Visual Services	108,000	GE Arends	Exceptional case
71/2018/19	C-Pac Pumps and Valves	Supply and install new blowers option	597,474	S Mkhize	An Emergency
72/2018/19	Tau Pele Construction PTY) Ltd	Appointment of suitable and qualified service provider to construct 642 toilet top structures in Phomolong,Kutlwanong and Kagisho	11,824,684	ME Selesho	Exceptional case
73/2018/19	Jonroy Design Architects	Professional services for the SPM inspectorate	79,350	N Modiba	Exceptional case
74/2018/19	Shine the way 1302CC	Mayor sponsored community lunch for 4 days	70,000	GE Arends	Sole Provider
75/2018/19	Party and More	Tent and chairs hire-Public Participation Program	33,155	GE Arends	Sole Provider

APPENDIX G
SOL PLAATJE LOCAL MUNICIPALITY
APPROPRIATION STATEMENT FOR THE ENDED 30 JUNE 2019

NC091 Sol Plaatje - Reconciliation of Table A1 Budget Summary

Description	2018/19								2017/18			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	541,312	–	541,312	512,886		(28,426)	94.7%	94.7%				492,309
Service charges	1,107,508	(92,200)	1,015,308	905,350		(109,958)	89.2%	81.7%				938,327
Investment revenue	20,000	(5,000)	15,000	10,002		(4,998)	66.7%	50.0%				18,700
Transfers recognised - operational	188,874	5,855	194,729	192,110		(2,620)	98.7%	101.7%				172,480
Other own revenue	196,145	21,000	217,145	213,287		(3,858)	98.2%	108.7%				242,937
Total Revenue (excluding capital transfers and contributions)	**2,053,839**	**(70,345)**	**1,983,495**	**1,833,635**		**(149,860)**	**92.4%**	**89.3%**				**1,864,753**
Employee costs	716,652	(18,000)	698,652	688,565	–	(10,087)	98.6%	96.1%	–	–	–	647,309
Remuneration of councillors	29,335	350	29,685	28,388	–	(1,298)	95.6%	96.8%	–	–	–	28,409
Debt impairment	227,000	(20,000)	207,000	205,848	–	(1,152)	99.4%	90.7%	–	–	–	235,825
Depreciation & asset impairment	69,250	–	69,250	61,697	–	(7,553)	89.1%	89.1%	–	–	–	63,603
Finance charges	25,799	500	26,299	26,250	–	(48)	99.8%	101.8%	–	–	–	27,213
Materials and bulk purchases	723,112	16,335	739,446	713,567	–	(25,879)	96.5%	98.7%	–	–	–	690,184
Transfers and grants	9,670	(2,700)	6,970	3,940	–	(3,030)	56.5%	40.7%	–	–	–	9,325
Other expenditure	246,038	(22,399)	223,639	132,731	–	(90,908)	59.4%	53.9%		–	–	149,783
Total Expenditure	**2,046,856**	**(45,915)**	**2,000,941**	**1,860,987**	**–**	**(139,954)**	**93.0%**	**90.9%**	**–**	**–**	**–**	**1,851,652**
Surplus/(Deficit)	**6,983**	**(24,430)**	**(17,447)**	**(27,352)**		**(9,905)**	**156.8%**	**-391.7%**				**13,101**
Transfers recognised - capital	285,063	(91,503)	193,560	197,254		3,693	101.9%	69.2%				204,933
Contributions recognised - capital & contributed assets	–	–	–	–		–						4,561
Surplus/(Deficit) after capital transfers & contributions	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**
Capital expenditure & funds sources												
Capital expenditure	**333,241**	**(102,128)**	**231,113**	**207,827**		**(23,286)**	**89.9%**	**62.4%**				**244,839**
Transfers recognised - capital	296,795	(103,235)	193,560	184,165		(9,396)	95.1%	62.1%				204,933
Public contributions & donations	–	–	–	–		–	-	-				4,561
Borrowing	–	–	–	–		–	-	-				–
Internally generated funds	36,446	1,106	37,552	23,662		(13,890)	63.0%	64.9%				35,344
Total sources of capital funds	**333,241**	**(102,128)**	**231,113**	**207,827**		**(23,286)**	**89.9%**	**62.4%**				**244,839**
Cash flows												
Net cash from (used) operating	282,536	(62,000)	220,536	158,470		(62,066)	71.9%	56.1%				133,754
Net cash from (used) investing	(333,241)	102,128	(231,113)	(207,827)		23,286	89.9%	62.4%				(242,482)
Net cash from (used) financing	(9,399)	–	(9,399)	(11,864)		(2,465)	126.2%	126.2%				(1,767)
Cash/cash equivalents at the year end	**183,585**	**–**	**115,264**	**74,019**		**(41,245)**	**64.2%**	**40.3%**				**135,240**

NC091 Sol Plaatje - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**1,119,176**	**(78,380)**	**1,040,797**	**1,004,074**		**(36,723)**	**96.5%**	**89.7%**				**997,863**
Executive and council	554,304	(81,520)	472,784	463,788		(8,997)	98.1%	83.7%				495,127
Budget and treasury office	564,872	3,141	568,013	540,286		(27,727)	95.1%	95.6%				502,737
Corporate services	–	–	–	–		–	-	-				–
Community and public safety	**26,995**	**–**	**26,995**	**23,854**		**(3,141)**	**88.4%**	**88.4%**				**23,615**
Community and social services	12,644	–	12,644	9,816		(2,828)	77.6%	77.6%				9,900
Sport and recreation	3,710	–	3,710	2,987		(723)	80.5%	80.5%				3,615
Public safety	170	–	170	351		181	206.8%	206.8%				253
Housing	10,401	–	10,401	10,613		212	102.0%	102.0%				9,790
Health	70	–	70	87		17	124.1%	124.1%				58
Economic and environmental services	**19,426**	**(2,268)**	**17,158**	**22,638**		**5,480**	**131.9%**	**116.5%**				**25,773**
Planning and development	6,511	(2,268)	4,243	2,690		(1,553)	63.4%	41.3%				4,627
Road transport	12,915	–	12,915	19,948		7,033	154.5%	154.5%				21,145
Environmental protection	–	–	–	–		–	-	-				–
Trading services	**1,165,163**	**(81,200)**	**1,083,963**	**970,971**		**(112,992)**	**89.6%**	**83.3%**				**1,012,086**
Electricity	740,342	(110,000)	630,342	566,794		(63,548)	89.9%	76.6%				617,638
Water	288,458	11,000	299,458	270,001		(29,457)	90.2%	93.6%				267,120
Waste water management	75,813	5,000	80,813	77,321		(3,492)	95.7%	102.0%				73,265
Waste management	60,550	12,800	73,350	56,855		(16,496)	77.5%	93.9%				54,064
Other	**8,142**	**–**	**8,142**	**9,352**		**1,210**	**114.9%**	**114.9%**				**14,909**
Total Revenue - Standard	**2,338,902**	**(161,847)**	**2,177,055**	**2,030,889**		**(146,167)**	**93.3%**	**86.8%**				**2,074,247**
Expenditure - Standard												
Governance and administration	**640,707**	**(17,820)**	**622,887**	**549,423**	**–**	**(73,464)**	**88.2%**	**85.8%**	**–**	**–**	**–**	**606,730**
Executive and council	392,368	(16,019)	376,349	334,156		(42,193)	88.8%	85.2%			–	401,892
Budget and treasury office	242,523	(1,772)	240,751	209,917		(30,833)	87.2%	86.6%			–	199,644
Corporate services	5,816	(29)	5,787	5,350		(437)	92.4%	92.0%			–	5,194
Community and public safety	**176,670**	**(1,765)**	**174,905**	**154,197**	**–**	**(20,708)**	**88.2%**	**87.3%**	**–**	**–**	**–**	**144,359**
Community and social services	39,035	(668)	38,368	36,073		(2,294)	94.0%	92.4%			–	34,210
Sport and recreation	56,474	(978)	55,496	47,061		(8,435)	84.8%	83.3%			–	43,402
Public safety	37,331	(543)	36,788	35,366		(1,422)	96.1%	94.7%			–	33,575
Housing	26,073	(168)	25,905	19,964		(5,941)	77.1%	76.6%			–	19,515
Health	17,756	592	18,348	15,732		(2,616)	85.7%	88.6%			–	13,658
Economic and environmental services	**125,210**	**(1,474)**	**123,736**	**113,485**	**–**	**(10,251)**	**91.7%**	**90.6%**	**–**	**–**	**–**	**114,119**
Planning and development	45,616	(472)	45,144	40,914		(4,230)	90.6%	89.7%			–	41,528
Road transport	78,965	(991)	77,974	71,954		(6,020)	92.3%	91.1%			–	72,015
Environmental protection	629	(11)	618	618		(0)	100.0%	98.2%			–	576
Trading services	**1,080,462**	**(24,057)**	**1,056,405**	**1,023,507**	**–**	**(32,898)**	**96.9%**	**94.7%**	**–**	**–**	**–**	**965,732**
Electricity	691,756	(21,124)	670,631	644,809		(25,822)	96.1%	93.2%			–	628,799
Water	250,303	(2,655)	247,649	240,218		(7,430)	97.0%	96.0%			–	224,221
Waste water management	77,953	(105)	77,848	79,071		1,224	101.6%	101.4%			–	58,607
Waste management	60,450	(173)	60,277	59,408		(869)	98.6%	98.3%			–	54,105
Other	**23,807**	**(799)**	**23,008**	**20,374**		**(2,634)**	**88.6%**	**85.6%**			**–**	**20,711**
Total Expenditure - Standard	**2,046,856**	**(45,915)**	**2,000,941**	**1,860,987**	**–**	**(139,954)**	**93.0%**	**90.9%**	**–**	**–**	**–**	**1,851,652**
Surplus/(Deficit) for the year	**292,046**	**(115,933)**	**176,114**	**169,902**	**–**	**(6,212)**	**96.5%**	**58.2%**	**–**	**–**	**–**	**222,595**

NC091 Sol Plaatje - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/19								2017/18			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - EXECUTIVE AND COUNCIL	–	–	–	–		–						–
Vote 2 - MUNICIPAL AND GENERAL	554,304	(81,520)	472,784	463,788		(8,997)	98.1%	83.7%				495,127
Vote 3 - MUNICIPAL MANAGER	2,268	(2,268)	–	–		–	-	-				2,037
Vote 4 - CORPORATE SERVICES	7,564	3,141	10,705	6,007		(4,698)	56.1%	79.4%				4,553
Vote 5 - COMMUNITY SERVICES	93,894	12,800	106,694	96,992		(9,702)	90.9%	103.3%				101,492
Vote 6 - FINANCIAL SERVICES	556,928	–	556,928	533,870		(23,059)	95.9%	95.9%				497,735
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	8,895	–	8,895	5,309		(3,586)	59.7%	59.7%				6,861
Vote 8 - INFRASTRUCTURE AND SERVICES	1,115,049	(94,000)	1,021,049	924,923		(96,126)	90.6%	82.9%				966,442
Total Revenue by Vote	**2,338,902**	**(161,847)**	**2,177,055**	**2,030,889**		**(146,167)**	**93.3%**	**86.8%**				**2,074,247**
Expenditure by Vote *to be appropriated*												
Vote 1 - EXECUTIVE AND COUNCIL	46,355	(298)	46,057	46,045		(12)	100.0%	99.3%			–	43,801
Vote 2 - MUNICIPAL AND GENERAL	334,931	(15,542)	319,389	277,592		(41,797)	86.9%	82.9%			–	346,308
Vote 3 - MUNICIPAL MANAGER	22,080	(336)	21,744	16,144		(5,600)	74.2%	73.1%			–	18,576
Vote 4 - CORPORATE SERVICES	68,256	2,325	70,581	62,302		(8,279)	88.3%	91.3%			–	56,567
Vote 5 - COMMUNITY SERVICES	268,699	(3,330)	265,369	244,132		(21,237)	92.0%	90.9%			–	227,420
Vote 6 - FINANCIAL SERVICES	134,469	(3,193)	131,275	115,007		(16,268)	87.6%	85.5%			–	112,282
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	57,337	(442)	56,894	54,587		(2,307)	95.9%	95.2%			–	53,124
Vote 8 - INFRASTRUCTURE AND SERVICES	1,114,729	(25,098)	1,089,632	1,045,177		(44,455)	95.9%	93.8%			–	993,574
Total Expenditure by Vote	**2,046,856**	**(45,915)**	**2,000,941**	**1,860,987**	**–**	**(139,954)**	**93.0%**	**90.9%**	**–**	**–**	**–**	**1,851,652**
Surplus/(Deficit) for the year	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**

NC091 Sol Plaatje - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	541,312	–	541,312	512,886		(28,426)	94.7%	94.7%				492,309
Service charges - electricity revenue	727,992	(110,000)	617,992	552,454		(65,538)	89.4%	75.9%				603,857
Service charges - water revenue	268,108	–	268,108	236,691		(31,416)	88.3%	88.3%				227,137
Service charges - sanitation revenue	63,813	5,000	68,813	67,424		(1,389)	98.0%	105.7%				62,103
Service charges - refuse revenue	47,595	12,800	60,395	48,780		(11,615)	80.8%	102.5%				45,229
Service charges - other		–				–	-	-				
Rental of facilities and equipment	11,257	–	11,257	11,092		(165)	98.5%	98.5%				10,566
Interest earned - external investments	20,000	(5,000)	15,000	10,002		(4,998)	66.7%	50.0%				18,700
Interest earned - outstanding debtors	130,490	11,000	141,490	141,429		(61)	100.0%	108.4%				174,794
Dividends received	–	–	–	–		–	-	-				
Fines	25,735	–	25,735	36,982		11,247	143.7%	143.7%				21,830
Licences and permits	3,450	–	3,450	6,319		2,869	183.2%	183.2%				5,312
Agency services	–	–	–	576		576	#DIV/0!	#DIV/0!				5,539
Transfers recognised - operational	188,874	5,855	194,729	192,110		(2,620)	98.7%	101.7%				172,480
Other revenue	25,213	–	25,213	16,309		(8,904)	64.7%	64.7%				24,895
Gains on disposal of PPE	–	10,000	10,000	579		(9,421)						
Total Revenue (excluding capital transfers and contributions)	**2,053,839**	**(70,345)**	**1,983,495**	**1,833,635**		**(149,860)**	**92.4%**	**89.3%**				**1,864,753**
Expenditure By Type			–				-	-				
Employee related costs	716,652	(18,000)	698,652	688,565		(10,087)	98.6%	96.1%			–	647,309
Remuneration of councillors	29,335	350	29,685	28,388		(1,298)	95.6%	96.8%			–	28,409
Debt impairment	227,000	(20,000)	207,000	205,848		(1,152)	99.4%	90.7%			–	235,825
Depreciation & asset impairment	69,250	–	69,250	61,697		(7,553)	89.1%	89.1%			–	63,603
Finance charges	25,799	500	26,299	26,250		(48)	99.8%	101.8%			–	27,213
Bulk purchases	552,500	14,000	566,500	554,438		(12,062)	97.9%	100.4%			–	501,334
Other materials	170,612	2,335	172,946	159,130		(13,816)	92.0%	93.3%			–	188,850
Contracted services	50,901	(7,190)	43,711	42,342		(1,369)	96.9%	83.2%			–	53,354
Transfers and grants	9,670	(2,700)	6,970	3,940		(3,030)	56.5%	40.7%			–	9,325
Other expenditure	195,138	(15,209)	179,929	90,389		(89,539)	50.2%	46.3%			–	94,275
Loss on disposal of PPE	–	–	–			–	-	-			–	2,154
Total Expenditure	**2,046,856**	**(45,915)**	**2,000,941**	**1,860,987**	**–**	**(139,954)**	**93.0%**	**90.9%**	**–**	**–**	**–**	**1,851,652**
Surplus/(Deficit)	**6,983**	**(24,430)**	**(17,447)**	**(27,352)**		**(9,905)**	**156.8%**	**-391.7%**				**13,101**
Transfers recognised - capital	285,063	(91,503)	193,560	197,254		3,693	101.9%	69.2%				204,933
Contributions recognised - capital		–				–						
Contributed assets		–				–	-	-				4,561
Surplus/(Deficit) after capital transfers & contributions	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**
Taxation			–			–	-	-				
Surplus/(Deficit) after taxation	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**
Attributable to minorities			–			–	-	-				
Surplus/(Deficit) attributable to municipality	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**
Share of surplus/ (deficit) of associate			–			–	-	-				
Surplus/(Deficit) for the year	**292,046**	**(115,933)**	**176,114**	**169,902**		**(6,212)**	**96.5%**	**58.2%**				**222,595**

NC091 Sol Plaatje - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL		–				–	-	-			–	1,072
Vote 2 - MUNICIPAL AND GENERAL	177,796	(91,287)	86,509	80,061		(6,448)	93%	45%			–	–
Vote 3 - MUNICIPAL MANAGER		–				–	-	-			–	–
Vote 4 - CORPORATE SERVICES		–				–	-	-			–	–
Vote 5 - COMMUNITY SERVICES		–				–	-	-			–	–
Vote 6 - FINANCIAL SERVICES		–				–	-	-			–	9,495
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING		–				–	-	-			–	813
Vote 8 - INFRASTRUCTURE AND SERVICES	81,393	19,668	101,062	91,908		(9,154)	91%	113%			–	142,134
Capital multi-year expenditure	**259,189**	**(71,619)**	**187,570**	**171,969**	**–**	**(15,602)**	**92%**	**66%**	**–**	**–**	**–**	**153,514**
Single-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL		–				–	-	-			–	–
Vote 2 - MUNICIPAL AND GENERAL	7,715	1,464	9,179	10,511		1,331	115%	136%			–	–
Vote 3 - MUNICIPAL MANAGER		–				–	-	-			–	–
Vote 4 - CORPORATE SERVICES		–				–	-	-			–	–
Vote 5 - COMMUNITY SERVICES		–				–	-	-			–	8,583
Vote 6 - FINANCIAL SERVICES		–				–	-	-			–	
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING		–				–	-	-			–	–
Vote 8 - INFRASTRUCTURE AND SERVICES	66,337	(31,973)	34,363	25,348		(9,016)	74%	38%			–	82,742
Capital single-year expenditure	**74,052**	**(30,509)**	**43,543**	**35,858**	**–**	**(7,684)**	**82%**	**48%**	**–**	**–**	**–**	**91,325**
Total Capital Expenditure - Vote	**333,241**	**(102,128)**	**231,113**	**207,827**	**–**	**(23,286)**	**90%**	**62%**	**–**	**–**	**–**	**244,839**
Capital Expenditure - Standard												
Governance and administration	**185,511**	**(91,824)**	**93,688**	**90,571**	**–**	**(3,116)**	**97%**	**49%**	**–**	**–**	**–**	**10,567**
Executive and council	185,511	(91,824)	93,688	90,571		(3,116)					–	1,072
Budget and treasury office		–				–	-	-			–	9,495
Corporate services						–					–	
Community and public safety	**–**	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**	**–**	**–**	**8,583**
Community and social services		–				–	-	-			–	8,583
Sport and recreation		–				–	-	-			–	
Public safety						–	-	-			–	
Housing						–	-	-			–	
Health						–	-	-			–	
Economic and environmental services	**–**	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**	**–**	**–**	**121,137**
Planning and development		–				–	-	-			–	813
Road transport		–				–	-	-			–	120,324
Environmental protection						–	-	-			–	
Trading services	**147,730**	**(10,305)**	**137,425**	**117,256**	**–**	**(20,170)**	**85%**	**79%**	**–**	**–**	**–**	**101,619**
Electricity	53,997	(9,163)	44,834	43,389		(1,445)	97%	80%			–	25,105
Water	55,932	(11,482)	44,450	36,981		(7,469)	83%	66%			–	65,280
Waste water management	37,801	10,340	48,141	36,886		(11,255)	77%	98%			–	11,234
Waste management	–	–	–	–		–					–	
Other		–				–	-	-			–	2,933
Total Capital Expenditure - Standard	**333,241**	**(102,128)**	**231,113**	**207,827**	**–**	**(23,286)**	**90%**	**62%**	**–**	**–**	**–**	**244,839**
Funded by:												
National Government	296,795	(103,235)	193,560	179,957		(13,603)	93%	61%				202,577
Provincial Government		–		4,207		4,207	#DIV/0!	#DIV/0!				2,357
District Municipality		–				–	-					
Other transfers and grants		–				–	-	-				
Transfers recognised - capital	**296,795**	**(103,235)**	**193,560**	**184,165**		**(9,396)**	**95%**	**62%**				**204,933**
Public contributions & donations						**–**	**-**	**-**				4,561
Borrowing						–	-	-				
Internally generated funds	36,446	1,106	37,552	23,662		(13,890)	63%	65%				35,344
Total Capital Funding	**333,241**	**(102,128)**	**231,113**	**207,827**		**(23,286)**	**90%**	**62%**				**244,839**

Please select from list - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	452,210	(37,121)	415,089	405,607	(9,482)	97.7%	89.7%	368,027
Service charges	935,307	(92,200)	843,107	611,325	(231,782)	72.5%	65.4%	664,706
Other revenue	65,655	–	65,655	71,278	5,623	108.6%	108.6%	68,143
Government - operating	190,155	4,574	194,729	192,110	(2,619)	98.7%	101.0%	172,480
Government - capital	282,795	(89,235)	193,560	197,254	3,694	101.9%	69.8%	204,933
Interest	52,623	103,867	156,490	151,431	(5,059)	96.8%	287.8%	193,494
Dividends		–			–	-	-	
Payments								
Suppliers and employees	(1,660,740)	45,915	(1,614,825)	(1,440,343)	174,482	89.2%	86.7%	(1,501,491)
Finance charges	(25,799)	(500)	(26,299)	(26,250)	49	99.8%	101.7%	(27,213)
Transfers and Grants	(9,670)	2,700	(6,970)	(3,940)	3,030	56.5%	40.7%	(9,325)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**282,536**	**(62,000)**	**220,536**	**158,470**	**(62,066)**	**71.9%**	**56.1%**	**133,754**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			–		–	-	-	2,357
Decrease (Increase) in non-current debtors			–		–	-	-	
Decrease (increase) other non-current receivables			–		–	-	-	
Decrease (increase) in non-current investments			–		–	-	-	
Payments								
Capital assets	(333,241)	102,128	(231,113)	(207,827)	23,286	89.9%	62.4%	(244,839)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(333,241)**	**102,128**	**(231,113)**	**(207,827)**	**23,286**	**89.9%**	**62.4%**	**(242,482)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans			–		–	-	-	
Borrowing long term/refinancing			–	(2,604)	(2,604)	#DIV/0!	#DIV/0!	6,480
Increase (decrease) in consumer deposits		–			–	-	-	
Payments								
Repayment of borrowing	(9,399)	–	(9,399)	(9,260)	139	98.5%	98.5%	(8,247)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(9,399)**	**–**	**(9,399)**	**(11,864)**	**(2,465)**	**126.2%**	**126.2%**	**(1,767)**
NET INCREASE/ (DECREASE) IN CASH HELD	(60,104)	40,128	(19,976)	(61,221)				(110,495)
Cash/cash equivalents at the year begin:	243,689		135,240	135,240				245,735
Cash/cash equivalents at the year end:	183,585		115,264	74,019	(41,245)	64.2%	40.3%	135,240